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# The CREDIT WORLD

Only Magazine Devoted Exclusively to Retail Credit



New Accounts Through  
Employee's Contests  
...

Monthly Collections—102.3%  
...

The Wholesaler's Responsibility  
to the Retailer  
...

Municipal Utility Credit Methods  
...

Charge Accounts for Auto Repairs  
...

Stickers Speed Collections  
...

F. H. A. Plan of Mortgage Insurance  
...

Credit and Collection Letters—Trends of Col-  
lections and Credit-Sales—News of the  
Credit Women's Clubs—Credit Flashes  
—Washington News—Short Articles

MARCH, 1935



Vol. XXIII, No. 6

The Credit Bureau—Guardian of Credit Records

**It's so Easy--**

to overlook these things. Let us have your remittance now--and we can both forget it!

Thank You!

**You Forgot -- Didn't You?**

WHY not mail us a check now--while you have it in mind?

Thanks!

**Please!**

NOW that we've reminded you, won't you send us a check--please?

Thank You!

## For Better Collections-- N. R. C. A. "Standard" Stickers and Inserts

### The Stickers

Six little "persuaders" that you can use to cut your collection costs and get the money with a smile. These "gentle reminders" speed up collections amazingly because with them you can start the collection process earlier than you could with letters or other methods.

Over a million a year used by members! If you are doubtful, try a small order and be convinced. Exact size as shown, printed in two tones of blue on gummed white paper.

PRICE, \$2.00 A THOUSAND

### The Inserts

"Credit-explanation" as well as "credit-education" is the mission of these little enclosures. Used with statements and collection correspondence, they explain the reasons for prompt payment, courteously and impersonally.

Printed in two colors--red and black--on a good grade of white paper. Actual size, 3 1/8 x 6 inches. (Reproduced below one-half size.)

PRICE, \$2.50 PER THOUSAND

### Order From Your Credit Bureau

For the convenience of our members, we are encouraging the retail credit bureaus throughout the country to keep a stock of these collection helps on hand at all times. It will save time if you will order them from your local bureau.

(Credit Bureaus Note: For convenience in handling, all stickers are wrapped in lots of 1,000 and, in addition, a colored paper divider is placed between each 100, so that you may sell small assortments--without the bother of counting them.)

**Just to Remind You--**

that this account has probably been overlooked and we'll appreciate your remittance.

Thank You!

**Least You Forget!**

This account is overdue. Won't you send your remittance now--lest you forget?

Thank You!

**Your Remittance--**

for this past due account will be appreciated. We'll be watching for it!

Many Thanks!

### The "Who's Who" of Business

NOT all of us have our names recorded in "Who's Who" or the Social Register but--

All of us, whether in high or low estate, are catalogued in the "Who's Who" of Business--the records of the Retail Credit Bureau.

Here on a little card is kept the life history of your credit record--of how you meet your obligations or don't.

"Prompt Pay," the highest tribute in the "Who's Who" of Business, is the record of those who pay retail bills on the 10th of each month.

**National Retail Credit Association**

Executive Offices Saint Louis

### The 10th of the Month Is Merchants' Pay Day!

THE retail merchant is a public servant. He serves you faithfully and well and, like any other faithful servant, expects his payment when due.

Retail charge accounts today are based on standard monthly terms:

Each month's charges are due on the 10th of the following month.

Whether you are an employer or an employee, you know what "pay day" means!

The 10th is the merchant's pay day. Pay him promptly. Prompt payments promote prosperity and protect your credit.

**National Retail Credit Association**

Executive Offices Saint Louis

### Credit is Faith in Humanity

CREDIT--derived from the Latin *credo*: I believe--is based on faith--faith in people--faith in their character and determination to, as Emerson says, "pay every debt as if God wrote the bill!"

And he who justifies that faith, who pays his bills according to terms and promises, builds a credit record that is priceless.

Credit, never abused, is never refused. Pay retail bills promptly.

**National Retail Credit Association**

Executive Offices Saint Louis

### "O.K."--What it means

THAT little notation, "O.Ks," on your charge slips, is one badge of honor of the retail charge account.

It means that your credit is good--that you pay your bills promptly and according to promises.

It means that the merchant has confidence in your integrity.

"O.K." is the index of your credit record. Protect it and preserve it--pay retail bills promptly.

**National Retail Credit Association**

Executive Offices Saint Louis

# The CREDIT WORLD

(Registered U. S. Patent Office.)

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

March, 1935 Vol. XXIII No. 6

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In all other respects the Association cannot be responsible for the contents thereof or for the statements or opinions of writers.

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MARCH, 1935

## In This Issue --

A New Department of  
The Credit World

### "Credit Department Letters"

Beginning in this issue (page 24)—a new feature—"Credit Department Letters"—covering the whole field of credit and collection department correspondence:

- Letters that collect yet retain the customer's good will
- Letters that revive inactive accounts
- Letters that develop new charge account business and build more business from present accounts
- Letters for special problems.

Not just form letters but usable letter suggestions that you can adapt to your own needs—and in addition, practical ideas and constructive hints for improving your everyday letters.

Daniel J. Hannefin, who for the past eight years has conducted the "Better Letters Service" (used by department stores from Coast to Coast), is conducting the new department and I am confident that you will find it helpful, thought-stimulating and instructive.

P.S.: Hand the membership blank below to some friend. Ask him to sign up now and get the benefit of this new feature.

### Membership Blank

National Retail Credit Association

1218 Olive St., St. Louis, Mo.

I hereby apply for one year's membership in your Association, subject to acceptance by you and by your recognized unit in this locality. I enclose \$5.00 which I understand entitles me to all the privileges of membership, including a year's subscription to "The Credit World," beginning with the March, 1935, issue.

Name.....  
Title.....  
Firm.....  
Address.....  
City..... State.....  
Recommended By.....

# EDITORIAL COMMENT

By DANIEL J. HANNEFIN

## Progress in Our "Building for the Future" Program

IN THE July issue of The CREDIT WORLD, your General Manager-Treasurer stated that the Memphis Convention was the beginning of a new program—"building for the future." In the months that followed, a substantial foundation was laid.

Progress in this new program is now apparent: The first step, the reorganization of the Research Division into a properly functioning unit, performing valuable service to the membership, has been realized.

Each month, the Research Division, under the direction of Arthur H. Hert, compiles a two-page table of comparative collection percentages based on nation-wide reports from eight major classes of retail stores, not to mention a score of minor classifications in the miscellaneous grouping.

This report, giving monthly comparisons against the same month of the preceding year, is a regular feature of The CREDIT WORLD.

Likewise, the monthly cross section of nation-wide collection and credit-sales trends, published monthly in The CREDIT WORLD, enables our members to accurately gauge the trend of retail business.

This last feature is also released to the three major press services—Associated Press, United News Service, and International News Service—who send it, by teletype, to all member newspapers in the United States. In addition, copies of this newspaper release are sent to all contributing credit bureaus for release to their local newspapers. Thus is obtained nation-wide publicity, for the National Association, of inestimable value.

Besides these features, the Research Division, in the past several months, has conducted a number of special studies, in response to requests from members, on various phases of credit department costs and procedure, the results of which have more than justified its existence.

Secondly, The CREDIT WORLD has been undergoing constant improvement for its practical betterment. The "blue pencil" has not been spared in making its articles readable, practical, helpful to readers in their work. Articles are selected for their practicability rather than as literary contributions.

In fact, in its transition, the magazine is guided by an editorial policy having "practical" as its keynote—from editorial content to physical make-up.

No "stunts"—no freakish typography—no circus make-up—just hard-headed common sense! The CREDIT WORLD has "rolled up its sleeves" and gone to work!

That this policy is "in tune" with the desires of our membership is evidenced by the scores of complimentary letters received after the publication of each issue.

The third (and probably the most important) step in the "Building for the Future" program is the actual realization of the dream of district setups within the National Association:

On February 18 and 19 the Sixth and Seventh Districts held their first district conventions and organizational meetings—the Sixth at St. Paul and the Seventh at Kansas City.

Both districts had programs worthy of a National Convention. Both had record-breaking attendance—each registering more than 200 out-of-town delegates. The St. Paul banquet had an attendance of 425—Kansas City's over 300.

Each district completed its organization, electing officers, adopting by-laws and naming its delegate to the National Convention.

Last (but not least) the Association is in a healthy condition. Membership gains are greater—cancellations are fewer—and there is an enthusiasm apparent throughout the various sections of the country that speaks well for the future of the Association.

"Latest reports," writes Alexander Kaylin in *Retailing* (March 4), "show that the Association made its best record in 1934, from the viewpoint of acquisition of new members and the smaller number of resignations of old ones."

» » »

## Business-Minded Municipalities Adopt Retail Credit Methods!

THE past decade has witnessed the successful application of the principles and practices of retail credit in many and varied fields. The granting of credit to the consumer has been recognized as having certain problems basic to all businesses and professions.

It is not surprising then to find a municipally owned utility with a regular credit department which has been functioning successfully for a number of years, and which, for years, has been an active member of its local credit association as well as the National Retail Credit Association.

*The surprising thing is that more city governments have not seen the advantage of applying*

*modern credit methods to their credit and collection problems!*

In this issue, Mr. G. A. Marbach, Credit Manager of the City of San Antonio Water Board, in an able article entitled "Municipal Utility Credit Methods," describes a credit procedure worthy of emulation by many municipalities far larger than San Antonio.

The Credit Department of San Antonio's Water Service functions like any other credit department. It is a member of the local Retail Merchants Association. It uses a regular credit application and clears all applications for credit through the retail credit bureau.

It has built good will by relieving worthy applicants of the necessity of making the customary deposit. At the same time, it has protected the Water Board—through proper credit investigation—by requiring deposits from those unworthy of credit.

The article, on page 10, is well worth the reading—for every credit granter and every credit bureau executive.

Why not apply the same methods to other city services? The Philadelphia Bulletin of February 12 carried an editorial describing how Newark, N. J., after years of financial difficulty, *due to nonpayment of taxes*, pulled itself out of the hole in 18 months with a new collection policy. We quote:

Newark in 1934, broke all records for current and delinquent tax collections. This is ascribed to the introduction . . . of practices resorted to by all large private corporations extending credit to numerous customers and having efficient credit departments.

Formerly the city sent out tax bills but once a year. Director of Revenue and Finance Parnell speeded up his billing department, followed up accounts receivable with repeated requests for payment, and set up an installment bureau to which property owners could pay by the month.

He sent out over a million and a half pieces of mail during the year. If the postage costs were high, the returns justified it. The city collected \$31,711,000.

"What man has done, man can do!" There is not a city government in the country but could with the application of modern retail credit methods, and the use of retail credit bureau reports, improve its collections—of taxes as well as other revenue.

After all, the modern city set-up is, just like a modern department store, a retail set-up. Taxes, analyzed, are nothing but payments for services rendered—for the use of streets and schools and fire and police departments—for parks and courts and general civic well-being.

*But—the public has never been "sold" on that idea!*

From biblical times, the tax-gatherer has been

the most despised of human beings. People pay taxes grudgingly—evade them if they can. Even the word "taxes" is odious. Why?

*Because they have never been "sold the idea"* that taxes only represent the installment payments on the bonds they so cheerfully voted—to provide modern schools for their children—to build sanitary sewers and banish "plagues"—to build and light modern boulevards.

*Because they have never been told:* "This item in your bill represents *your share* of the salaries paid to the police force for your protection and this item your proportion of the city firemen's pay. If you don't pay, how can they be paid?"

Suppose department store officials were handling it, according to their methods. Wouldn't they send an itemized bill, showing what each item represented? (If they didn't, they would never be able to collect their accounts!)

In the first place, being merchandising-minded, they would eliminate that hated word "taxes." In its place, they would use a coined phrase, with human appeal.

They would sell their wares, describing each feature in glowing terms. And, most important, they would "sell" collections and explain *the reasons* for prompt payment. And they would provide "monthly payment" plans to speed up collections.

*Municipalities, when they become credit-minded and sales-minded, will follow that same procedure.*

---

## Please Help Your Committee!

This Committee was appointed some time ago to gather forms and arrange them for the benefit of the credit fraternity. Some credit granters have favored us, but not enough to enable us to do much.

Won't you please send me—now—20 or more of each of your collection letters, applications, letters soliciting accounts—in fact all forms used in Credit Office? Please do this at once as we wish to make up about 20 or more "albums"—containing these forms—for exhibition at the National Convention. These will later be routed around the country for exhibition by local associations.

It will take four or five weeks to assemble these forms, as it will be a job we will have to do at night when we are free from our daily duties. We can't begin on them until we have all forms in, so please give this your attention, as we want to have the albums completed by April first.

R. H. POINDEXTER, Chairman, Credit Department Methods & Forms Committee.

c/o Loveman, Berger & Teitlebaum, Nashville, Tenn.

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# New Accounts Through Employees' Contests

By J. D. KEMPER

General Credit Manager, Mandel Brothers, Chicago

THERE is nothing new or novel in the solicitation of charge accounts by a store's employees. For many years we had paid a small gratuity to each employee who submitted a name or was instrumental in securing a credit application that resulted in a charge account being opened. This arrangement proved particularly attractive to our delivery men, who were successful in converting into charge customers many of those to whom they had been delivering cash and C.O.D. parcels. I hear someone asking: Q. "Why disturb a good cash or C.O.D. customer?" A. "A charge customer buys more."

When it was finally decided to inaugurate a store-wide drive among our employees to secure new charge customers, our program was carefully mapped out, the contest to start on July 1st and to continue through December 31st.

First of all, the campaign was opened with several meetings held after store hours at which all employees were required to be present. All these meetings were held on the same night, and the employees were addressed by the General Manager, Store Manager, and other executives, who announced the contest, explained its purpose, outlined the program, and urged the cooperation of all.

Ten "prospect" cards were distributed to each employee, and they were told that all must turn in *at least* these ten cards, and, of course, as many more as could be secured, properly filled in and signed by prospective charge customers. It was required that each prospect must be interviewed personally and her (or his) consent obtained, i.e., the prospect's signature, before the application would be accepted as an eligible entry in the contest. These cards read:

"I am interested in opening a charge account with Mandel Brothers. Please send me the necessary information.

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
Name submitted by \_\_\_\_\_  
Department \_\_\_\_\_"

In addition, a special form of credit application was prepared and distributed among the floor superintendents, department managers, and others whose judgment could be trusted to actually take credit applications direct from the customers. When this was done the prospect cards, of course, were not used. These applications could be

sealed and handed back to the employee tendering them, thus insuring privacy, or they could be mailed direct to the Credit Office, as the customer preferred.

Prizes were announced as follows:

To the selling employee who submitted the most names that resulted in charge accounts being opened during the period of the contest—July 1st to December 31st:

First Prize—One week's paid winter vacation and a trip to Florida with all expenses paid.

Second Prize—One week's paid winter vacation.

Third to Seventh Prizes—\$5.00 in cash to each.

The same awards were announced for the non-selling employees, making fourteen prizes in all.

In addition to these prizes, for each account that was accepted and opened by the General Credit Manager (whose decision was final in all cases) a bonus of 25 cents was paid to the employee who submitted the name. This bonus was paid monthly. Also, each week, three merchandise certificates of \$3, \$2, and \$1 were awarded to the three leading contestants in both the selling and non-selling divisions of the organization.

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## Editor's Note:

Lack of space prevents reproducing, with this article, the four-page folder which presented the contest plan to employees.

In addition to the list of prizes, this folder contained complete rules of the plan. The essentials, however, are covered in this article, with the exception of Rule No. 8:

"Non-selling employees (as well as selling) can solicit their friends and acquaintances outside the store, through the use of prospect cards."

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A four-page bulletin for the employees was issued the second day of the contest, setting forth the plan in detail, announcing the rules of the contest, listing the prizes, and giving instructions as to how to go about securing prospects. Thereafter, weekly bulletins were issued, showing standing of contestants, and filled with other items of news of the drive. Twice a month employees' group meetings were held, addressed by various store executives, such as the Store Manager, Treasurer, Superintendent, Office and Credit Manager, Merchandise Manager, etc.

(Continued on page 32.)

# Eliminate the Bad Credit Risk Element

Use Telaarographs to Obtain Complete Information  
From Your Bureau—Before Passing On Credits

Six Years' Experience Proves

## TELAUTOGRAPHS

Are Faster and More Efficient Than Any Other  
Method of Communication for  
Handling Credit Data



Department  
Store



Specialty  
Shop

Telaarographs enable  
you to obtain complete  
reports in a few  
minutes' time—leave  
indelible handwritten  
records—prevent errors—  
reduce losses—  
speed up deliveries—  
save clerical expense.



Credit Bureau

A few minutes spent  
in properly checking-  
up on credit appli-  
cants at time of sale  
will save you months  
of worry and extra  
labor. That's why  
151 great stores now  
use Telaarograph  
service. Telaarog-  
raphs cost approxi-  
mately \$1.00 per day  
for each store con-  
nected.

If You Are Handling Your Credit Requests  
By Either Mail or Telephone at Present Time and  
They Average 10 or More Daily, Investigate the  
Telaarograph Now—It Will Pay You Dividends.

The Standard Oil Co., Milwaukee, and Brandt Electric  
Co., St. Louis, Recently Ordered Telaarographs

We Have a Branch Office Near You

Send for Our Man Now!

TELAUTOGRAPH

16 W. 61st St.



No Obligation—Of Course

CORPORATION

New York City



# The F. H. A. Plan of Mortgage Insurance

By J. BERT EASLEY

Assistant Director, Mortgage Insurance, Federal Housing Administration,  
Washington, D. C.

An Address Before the Columbia Regional Conference, Washington, D. C.,

February 18, 1935

**T**ONIGHT I shall attempt to give you the high lights of a new development in American finance—Mutual Mortgage Insurance—which I believe will stand up under your most exacting analysis. This plan is set forth in *Title II* of the National Housing Act and is under the jurisdiction of the Federal Housing Administration. It was brought into being by Congress as an attempt to correct many of the weaknesses of our existing system of home mortgage financing.

If possible, it is hoped to prevent a repetition of the collapse of mortgage lending and real estate values brought on by the depression. Another objective was the raising of housing standards.

It is unnecessary to explain to a group of credit men that the collapse of our system of mortgage lending was one of the major aspects of the depression. We woke up to find ourselves burdened with a total private mortgage debt of 106 billion dollars with little prospect of retiring, refinancing, or even servicing a large percentage of this enormous figure. Included in this sum were 21 billions of mortgages on urban homes.

It was realized that this home mortgage debt problem lay at the root of much of our troubles, both economic and social.

Congress, under the leadership of the President, took steps to relieve immediate distress through the Home Loan Bank System and the Home Owners Loan Corporation. But it was recognized that something should be done to correct the flaws in the system which were brought out and accentuated by the breakdown.

Several major defects stood out. Probably the outstanding weakness was the practice of lump sum payments and relatively short term maturities, characteristic of mortgage practice in this country since the very beginning.

This system has its roots in our historical background. The trend of real property values in this country over a period of years has been upward. The typical purchaser of real estate expects an enhancement in value. He has a speculative attitude. So when he comes to mortgaging the property, he is willing to borrow up to the hilt. He figures that by maturity the increased value will enable him to refinance without difficulty. And, by and large, this has been true throughout most of our history.

It was only in times of credit stringency that he encountered any difficulty in refinancing. Up until the recent depression these periods have been relatively of such short duration and the total mortgage burden so small that before the present collapse it had never been apparent that the system constituted a national menace.

Another characteristic of the traditional system of mortgage lending in this country was an almost complete disregard of the borrower's ability to actually pay the obligation at maturity. This is where you credit men should have been called into play long ago.

With frozen mortgage loan portfolios on every hand, it has finally been brought home that due consideration must be given to the *capacity* of the borrower to properly handle the debt which he undertakes.

The system of Mutual Mortgage Insurance provided under *Title II* clearly recognizes the borrower as an important element in making a real estate loan. From my experience in the banking business in different parts of the country, I am convinced that this is one of the most important contributions that the Federal Housing Plan of Mutual Insurance offers to mortgage practices in this country.

Another outstanding contribution is the insistence upon amortization. Probably one of the most interesting developments to credit men, brought out by the depression, was the manner in which installment payments of all kinds stood the test. *The success of this principle during the trying years we have just gone through has amazed a great many old-time credit men.* We can all remember the predictions that were made ten years ago, that the installment system of selling would "blow up" if a depression came along with widespread unemployment.

I am sure you will agree that it has been clearly demonstrated that the soundest plan of financing debt, by people with monthly incomes, is a plan that demands monthly payments. It is one of the established principles of credit that a person whose income is, say \$100 a month, can probably care for twelve monthly payments of \$10 each, where it would most likely be impossible for him to make an annual payment of \$120.

It was therefore decided, after much research into the question, that monthly amortization would be incorporated as one of the basic principles of the plan of Mutual Mortgage Insurance.

In addition to amortization of principal and interest, it was also decided to require monthly deposits by the mortgagor over a sufficient period in advance of due date, to pay taxes, special assessments, and fire and other casualty insurance premiums, when the time for payment arrived.

I don't think that the wisdom of this requirement will need any explanation to a group of credit men. I am sure that this is particularly true in so far as those who own their own homes are concerned.

Another weakness is the prevailing practice of piling

up junior liens on the original first. This is one of the most unhealthy phases of the existing system. The heavy carrying charges on second and third paper frequently burden the borrower to a point where he cannot properly service the first, much less provide for its retirement.

To eliminate this evil the provision was made in the insured mortgage plan for loans to be made up to a maximum of 80 per cent of appraised value *with no junior liens permitted*.

Still another feature that the President and Congress realized should be adjusted was the matter of interest rates. Some territories having access to the money centers have been able to obtain mortgage loans at relatively low rates of interest. But it was recognized that in most sections of the country the mortgagor has to pay too much for mortgage money in a country where capital is crying for safe investment.

Having the foregoing points in mind, the plan of Mutual Mortgage Insurance was designed upon the following basic principles:

1. Insurance would be restricted to first mortgage loans on dwellings for not to exceed four families, with no junior liens.
2. The amount must not exceed \$16,000 and must not represent more than 80 per cent of the appraised value.
3. Maturities may run up to 20 years.
4. Monthly payments of principal and interest are required in an amount sufficient to completely amortize the loan by maturity.
5. Monthly payments by the mortgagor of 1/12 of the annual premium for mortgage insurance at an annual rate of from 1/2 per cent to 1 per cent of the original principal sum involved, depending upon the transaction.
6. Monthly deposits in advance to put the mortgagee in funds to pay taxes, special assessments, and casualty insurance premiums when they fall due.
7. Basic interest rate to be 5 per cent and up to 6 per cent under special circumstances set forth in the Act. No rate in excess of 5 1/2 per cent has been allowed in the initial Regulations.
8. The property must conform to sound appraisal standards.
9. The borrower must measure up to high credit standards.

These are the major requirements, but there are quite a few other ramifications which are not necessary to take up in the present discussion.

Based upon these principles, it was felt that a plan of Mutual Mortgage Insurance could be soundly operated.

Roughly speaking, a loan that conforms to these requirements may be submitted by an Approved Institution to the Federal Housing Administration for insurance. If the loan is insured, both the borrower and the lender are benefited.

In event of default and foreclosure, the mortgagee may surrender the property and all claims to the Federal Housing Administration. He receives in return debentures covering the principal sum involved at the time of foreclosure, plus any taxes or insurance premiums he has paid.

These debentures bear a rate of 3 per cent and mature three years after the original maturity of the mortgage. Whenever they are issued in exchange for fore-

closed property mortgaged prior to July 1, 1937, they are guaranteed, both as to principal and interest, by the United States.

In addition to these debentures, the lender receives a Certificate of Claim, representing foreclosure costs and unpaid interest up to the time of conveying the property to the Federal Housing Administration. These Claim Certificates bear an increment of 3 per cent and are payable out of the proceeds realized from the disposal of the property.

Probably the most revolutionary feature of the plan is that for the first time in history the borrower receives consideration. In event of default and subsequent sale of his property by the Federal Housing Administration, through the various steps required, the borrower is entitled to receive any equity remaining after retiring the various obligations that have arisen under the mutual insurance system.

Now, the feature about this insured plan of most interest to credit men, aside from the high credit requirements demanded of the borrower, is that *home ownership in this country is going to be put on a sounder basis*. You will be able to extend credit for merchandise to a borrower who has signed an insured loan, with the knowledge that his mortgage burden is in proportion to his ability to pay. The effect on credit in general should be beneficial.

As far as you credit bureau men are concerned, you will have built up a set of data upon a great many individuals probably more thorough and complete than you have today.

In conclusion, let me say that this system which I have been discussing does not involve government lending. It is a plan of cooperation between the government and private capital. It is hoped to get the mortgage borrower and lender together again on a sounder basis than ever before. It is not an emergency measure. It is an attempt to give to this country a permanent and strong system of home financing, with all the economic and social benefits that should result.

» » »

### Winnipeg Credit Grantors Organize

Members of the Credit Grantors' Association, Ltd., recently formed in Winnipeg, met Thursday evening for their first monthly dinner meeting and the following former provisional officers and directors re-elected:

President, H. H. Albright; Vice-President, C. A. Crawford; Secretary-Treasurer, F. E. Womersley. Directors: A. U. Chipman, F. W. Funk, W. Gruber, E. C. Ransby and C. Waring.

During the meeting Mr. Womersley and Mr. Funk gave a report of the recent convention of the Sixth District of the National Retail Credit Association, held at St. Paul, Minn., which both attended.

Letters and wires of congratulation were received by the new association from the following associations: Victoria, Vancouver, Calgary and Minneapolis. Also from L. R. Pearce, Des Moines, Iowa, President of the Sixth District; L. S. Crowder, General Manager-Treasurer of the National Association, and from Mr. Albright, President of the Credit Grantors' Association, who was unable to be present.

# February Trends--a Fast-Reading Summary

... A nation-wide cross section of facts and opinions on retail collections and credit sales for February, 1935, as compared with February, 1934, compiled by Research Division - - National Retail Credit Association ...

**I**MPROVED employment in the textile industry, in spite of the unrest in its financial condition, caused collections to increase slightly in Manchester, N. H., during February, 1935, as compared with February, 1934. At the same time, seasonal weather helped to check a decline which was apparent in January. ... Other cities in the first division, such as, Boston, Mass., and Providence, R. I., however, reported a decrease in credit sales.

## Highlights for February

- 76 Cities reporting.
- 23,994 Retail stores represented.
- COLLECTIONS**
- 65 Cities reported increases.
- 6.6% was the average increase for all cities.
- 35.0% was the greatest increase (Atlantic City, N. J.)
- 4 Cities reported no change.
- 7 Cities reported decreases.
- 20.0% was the greatest decrease. (Leamington, Ont., Canada.)
- CREDIT SALES**
- 60 Cities reported increases.
- 9.0% was the average increase for all cities.
- 41.0% was the greatest increase (Greenville, Miss.)
- 5 Cities reported no change.
- 11 Cities reported decreases.
- 20.0% was the greatest decrease (Boston, Mass.).

Electrical equipment installment sales showed a large gain in Camden, N. J., one firm reporting credit sales 50 per cent better than the same month last year. ... Furniture sales in Rochester, N. Y., were good during February. ... Other cities in the New York, New Jersey and Pennsylvania division reported good collections as well as credit sales, considering the fact that February is usually a dull month.

Clarksburg, W. Va., reports living costs up and wages not sufficient. Buying seems to continue ahead of payments. However, local factories are operating on more regular schedules. It is believed that the improvement will continue. ...

Cities in the Alabama, Florida, Louisiana, Mississippi and South Carolina division reported collections fair to slow. ... Collections in Jacksonville, Fla., however, increased more than credit sales. ... Fort Smith, Ark., reports collections best since February, 1925. ...

The fine wheat prospect, together with the increasing oil well development in the immediate vicinity of Hutchinson, Kan., has created a decided optimistic feeling in the general public. ... The continued increase in working hours in the Santa Fe shops and a continued optimism, is reflected in better collections as well as an increase in credit sales in Topeka, Kan. ... The F. H. A. program is now getting under way and will be a major factor in improved business conditions. ...

Collections continue to increase each month in Kansas City. Most lines show a nice increase in credit sales while only a few indicated a slight decrease of less than one-half of one per cent. ... Collections in St. Louis show a continued improvement while in some quarters a slight decline in percentage is observed. Taking everything into consideration business is moving along nicely and is more than holding its own. ... A mild February caused spring buying to begin in Springfield, Mo. It is reported that there is a good supply of money in the rural sections—farm products are advancing and relief work is still active. ...

Bay City, Mich., reports an improvement in the automobile industry. ... Mount Clemens, Mich., reports a decided pick-up in collections started about February 15, due to increased employment. ... Cincinnati reports the Ohio sales tax went into effect January 27, which was no doubt partially accountable for the falling off of credit sales. ... Springfield, Ohio, reports collections not as good as in January but a decided improvement over last year. ... Toledo reports that the reaction after increased sales in January, due to anticipation of requirements to avoid the Ohio sales tax, was reflected in February credit sales. ...

## Month-by-Month Trend - - February, 1935 vs. January, 1935

	Collections				Credit Sales			
	February, 1935		January, 1935		February, 1935		January, 1935	
	Cities	Per Cent of Total	Cities	Per Cent of Total	Cities	Per Cent of Total	Cities	Per Cent of Total
Good	38	50.1	36	45.0	35	46.1	35	43.7
Fair	34	44.7	36	45.0	31	40.8	34	42.6
Slow	4	5.2	8	10.0	10	13.1	11	13.7
Total	76	100.0	80	100.0	76	100.0	80	100.0
Increase	65	85.7	64	80.0	60	79.1	60	75.0
Decrease	7	9.1	11	13.7	11	14.4	12	15.0
No change	4	5.2	5	6.3	5	6.5	8	10.0
Total	76	100.0	80	100.0	76	100.0	80	100.0

Cities located in the Iowa, Minnesota, Nebraska, North Dakota and South Dakota district reported collections as well as credit sales, slow to good. However, St. Paul reported the greatest increase in credit sales of 28 per cent. . . .

A slight increase in employment in the potash industry, with some men going back to work on full time (who have had only part time employment for the past several months) is reflected in a small increase in collections over February, 1934, for Carlsbad, N. M. A major oil boom east of Carlsbad is making itself felt in increased business throughout the territory. . . .

Credit sales and collections in Texas were reported only fair while Fort Worth reported a 28.3 per cent increase in credit sales over February, 1934.

Two moderate snowfalls in the past ten days, together with heavy snows in the mountains, have improved the farming outlook in the vicinity of Greeley, Colorado. . . . Increased collections in Casper, Wyo., were attributed in part to payments on Christmas purchases. . . .

Collections in Bakersfield, Calif., depend somewhat on the oil market. State regulations have restricted oil production, causing a decline in employment. . . . Los

Angeles reported an increase in credit sales of 13.4 per cent. . . .

Cities located in Canada report applications for credit increasing daily and the public in general very optimistic about the outlook for spring business. . . . New Westminster, B. C., reported an increase in collections of 30 per cent. . . .

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### A Word of Appreciation

We wish to take this opportunity to thank the credit executives and the bureau manager members of our Association for cooperating with the Research Division by reporting their monthly collection percentages for the past eight months. This new service has created considerable interest throughout the United States among credit executives and bureau managers.

North Platte, Nebraska, and San Antonio, Texas, are two cities which were added to the form this month. We wish to thank them for sending their figures to us and, as time goes on, we hope to add additional cities.

—ARTHUR H. HERT.

## Comparative Reports - - By Cities - - February, 1935 vs. 1934

District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease	District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease
1. Augusta, Me.	Good	+25.0	Good	+20.0	Cincinnati, Ohio	Good	+13.7	Slow	- 3.0
Lewiston, Me.	Slow	- 0.2	Slow	- 0.1	Dayton, Ohio	Good	+ 7.5	Good	+ 5.4
Boston, Mass.	Good	+18.0	Slow	-20.0	Springfield, Ohio	Good	+16.0	Good	+21.0
Manchester, N. H.	Fair	+ 5.0	Fair	+ 5.0	Toledo, Ohio	Good	+ 6.0	Slow	- 2.0
Providence, R. I.	Fair	+ 4.9	Slow	- 5.0	Madison, Wis.	Fair	+15.0	Fair	+ 3.0
Average	Fair	+10.5	Fair	....	Average	Good	+10.9	Fair	+ 8.8
2. Atlantic City, N. J.	Good	+35.0	Fair	+10.0	7. Cedar Rapids, Ia.	Good	+ 5.0	Fair	No change
Camden, N. J.	Fair	+ 0.5	Fair	+ 1.5	Davenport, Ia.	Good	+ 4.2	Good	+17.5
Newark, N. J.	Good	+ 5.0	Good	+10.0	Sioux City, Ia.	Fair	+ 4.0	Slow	- 2.0
Albany, N. Y.	Fair	+ 3.0	Slow	- 3.0	St. Paul, Minn.	Fair	+ 1.3	Good	+28.0
Rochester, N. Y.	Fair	+ 1.2	Good	+ 3.0	Omaha, Neb.	Slow	- 6.0	Slow	- 4.5
Schenectady, N. Y.	Fair	+ 7.3	Good	+15.5	Bismarck, N. D.	Fair	+10.0	Fair	+10.0
Syracuse, N. Y.	Good	+ 4.0	Good	+ 6.0	Huron, S. D.	Fair	+ 5.0	Fair	+10.0
Utica, N. Y.	Good	+ 2.0	Slow	+ 1.0	Average	Fair	+ 3.4	Fair	+ 8.4
Pittsburgh, Pa.	Good	+ 4.0	Good	+ 5.0	8. Carlsbad, N. M.	Good	+ 6.0	Good	+15.0
Reading, Pa.	Fair	+ 5.0	Fair	No change	Tulsa, Okla.	Fair	- 5.3	Fair	+20.0
Average	Fair	+ 6.7	Fair	+ 4.9	Amarillo, Texas	Good	+20.0	Good	+24.5
3. Clarksburg, W. Va.	Fair	+ 6.0	Good	+ 8.0	Austin, Texas	Fair	- 1.0	Good	+ 7.0
4. Birmingham, Ala.	Fair	+ 4.4	Fair	+ 5.6	El Paso, Texas	Fair	No change	Fair	No change
Jacksonville, Fla.	Fair	+15.0	Fair	+10.0	Fort Worth, Texas	Fair	+ 0.9	Fair	+28.3
New Orleans, La.	Good	+ 6.6	Good	+14.3	Houston, Texas	Fair	+ 6.2	Fair	+ 8.0
Greenville, Miss.	Good	+27.0	Good	+41.0	Port Arthur, Texas	Fair	+ 3.0	Fair	+ 3.0
Charleston, S. C.	Fair	No change	Good	+10.0	San Antonio, Texas	Fair	+ 4.2	Fair	+ 8.5
Average	Fair	+10.6	Good	+16.2	Average	Fair	+ 3.8	Fair	+12.7
5. El Dorado, Ark.	Good	+14.6	Good	+16.9	9. Boulder, Colo.	Fair	No change	Fair	+ ...
Fort Smith, Ark.	Good	+ 1.5	Good	+24.4	Denver, Colo.	Good	+ 9.0	Good	+ ...
Little Rock, Ark.	Fair	+10.0	Fair	+ 3.0	Greeley, Colo.	Fair	+ 0.5	Fair	+10.0
Emporia, Kan.	Slow	- ...	Fair	- ...	Salt Lake City, Utah	Good	+ 5.8	Good	+ 9.7
Hutchinson, Kan.	Good	+22.0	Good	+29.0	Casper, Wyo.	Good	+15.0	Fair	+ 5.0
Topeka, Kan.	Good	+10.0	Good	+12.0	Cheyenne, Wyo.	Good	+10.0	Fair	+ 0.1
Bowling Green, Ky.	Good	+ 8.0	Good	+14.0	Average	Good	+ 8.0	Fair	+ 5.0
Paducah, Ky.	Fair	+16.0	Good	+35.0	10. Lewiston, Idaho	Fair	+ 5.0	Fair	+ 4.0
Kansas City, Mo.	Good	+ 2.0	Good	+13.0	11. Bakersfield, Calif.	Fair	+ ...	Fair	+ ...
St. Louis, Mo.	Good	+ 2.0	Good	No change	Los Angeles, Calif.	Fair	+ 2.7	Fair	+13.4
Springfield, Mo.	Good	+ 5.8	Good	+15.2	Sacramento, Calif.	Fair	No change	Fair	No change
Nashville, Tenn.	Good	+ 4.0	Good	+10.3	San Francisco, Calif.	Good	+ 2.0	Good	+ 8.8
Average	Good	+ 8.0	Good	+14.4	Average	Fair	+ 1.1	Fair	+ 5.5
6. Peoria, Ill.	Good	+ 7.2	Slow	- ...	12. New Westminster, B. C.	Good	+30.0	Good	+10.0
Evansville, Ind.	Good	+15.4	Good	+22.0	Victoria, B. C.	Good	+ ...	Fair	- 2.0
Bay City, Mich.	Fair	+ 2.0	Fair	+ 2.0	Winnipeg, Manito.	Fair	-18.0	Good	+20.0
Detroit, Mich.	Good	+ 2.0	Good	+17.8	Leamington, Ont.	Slow	-20.0	Fair	+ 5.0
Grand Rapids, Mich.	Good	+ 2.5	Fair	+ 6.0	Average	Slow	- 2.0	Fair	+ 8.2
Kalamazoo, Mich.	Good	+23.0	Good	+24.0					
Mt. Clemens, Mich.	Fair	+20.0	Fair	+10.0					

# Municipal Utility Credit Methods

By G. A. MARBACH

Credit Manager, City of San Antonio Water Board,  
San Antonio, Texas



IN THE early days of San Antonio's water system the Water Company did not consider itself in the credit business and very little attention was given to the matter of securing the Water Company against loss by reason of nonpayment of final bills. The reason for this lies primarily in the fact that prior to 1914 the great majority of water consumers were supplied by flat rates (payable three months in advance) and, if the Collection Department exercised reasonable diligence in collecting these advance bills, very little loss could result.

In 1914, however, when the San Antonio Water Supply Company made a new contract with the City of San Antonio, it became the policy of the Water Company to convert all flat-rate accounts possible to the metered plan. So, in 1925, when the city took over the plant, the system was approximately 60 per cent metered, and the Board immediately adopted the policy of continuing the meter conversion program until in 1929 the water system of San Antonio became a completely metered system.

The change from the system of billing on the flat-rate plan for three months in advance (which was a very simple operation as far as the bookkeeping and collection departments were concerned) to the plan of billing monthly by measurement probably increased the work of the billing and collection departments sixfold. Also, due to the fact that bills were issued after service was rendered it became necessary to strengthen and improve the collection department methods and to safeguard the Water Board against loss by requiring a cash deposit from water consumers.

At first, deposits were only required from tenant consumers or consumers who were buying the property they occupied on the contract sale plan, and a rule was made that where a consumer held a deed to the property he occupied no deposit would be required. However, it was difficult to always verify ownership and as a consequence some consumers imposed upon the Water Department by posing as owners of the premises and in this way they avoided making the customary deposit. Likewise, losses were suffered in many instances where owners disposed of their property or vacated, leaving final bills. On the other hand, we found that we were requiring deposits from tenant consumers who were often good credit risks.

Consequently, the Board decided to establish a regular credit department, *affiliated with the Retail Merchants Association*, to treat all consumers alike (whether they were owners, tenants or agents) and to require deposits of all those who had not established satisfactory records with the Water Board by our contact with them

or those who had not established satisfactory records with the Retail Merchants Association.

Further than this, we decided on the plan of refunding deposits to all consumers whose accounts had been paid satisfactorily for a period of five years, thereby establishing a satisfactory record with the Water Board.

For almost three years we have cleared a large majority of our applications for credit (*See Figure 1*) through the San Antonio Retail Merchants Association and, as a result, feel that we have made many friends among our consumers by relieving worthy applicants of making the customary deposit. On the other hand we have protected ourselves against loss by requiring deposits from consumers who are unable to furnish a satisfactory rating.

In the collection of these deposits we do not work a hardship upon any consumers. If it is not convenient for the consumer to make the deposit at once, we arrange for the payment of the deposit in installments extending over a period of as much as six months if necessary and this deposit works as a decided asset to the consumer for the reason that it draws interest at the rate of 6 per cent annually. At the same time it protects the consumer from an interruption of service, if he should become delinquent, until the total charges due amount to more than the deposit. This gives the average consumer about three months' time in which to pay the water charges without having service discontinued. (*See Figure 6 for Deposit Record form.*)

Some people are of the opinion that a public utility holds the ax over the consumers and has no chance to lose as the merchant does. This is an erroneous impression for, unless the public utility, and even the municipally owned plants in this state are extremely careful in the handling of their delinquent accounts ("final bill" accounts) there is opportunity for heavy losses.

I do not know what the practice is of other plants that are municipally owned but I am informed that some cities take no losses on final bills as they make the subsequent consumers pay them before service is given. However, there is no legal or moral justification of this method and the City Water Board considers itself in the same position that a merchant would be in if a consumer vacates leaving a final bill.

We have no right to hold the subsequent consumer or owner of the premises responsible for the charges unless he is liable by contract nor do we make any attempt to do so. We follow up these final bills in the same manner as the merchant does although we have one advantage and that is that we have less competition. If

6789 1-2-35 KW

Name DOE, JOHN Present Address 133 Can't Stop Street

Where Employed Mechanic - Richard Roe's Garage Previous Address 123 Abraham Street

How long have you lived in San Antonio? 14 Years

Do you own property in San Antonio? Yes Location 133 Can't Stop Street

At what premise do you now pay us for water? 123 Abraham St.

I have asked to be relieved of making the customary deposit required of water consumers, and I hereby agree that should the information I have given be found to be incorrect or should the Water Board upon investigation, in accordance with their rules, find that my credit is not satisfactory, I agree to make the customary deposit without further objection.

And if I fail to make the deposit required within 3 days after receiving notice from the Water Board to do so, I recognize the right of the Water Board to discontinue service without further notice.

Applicant

OWNER

FORM 112-B		NO. OF BILLS		PREMISES	
DIVISION	DATE	NO. OF BILLS	PREMISES	DATE	NO. OF BILLS
7890	1-2-35	123 Abraham Street	123 Abraham Street	1-2-35	123 Abraham Street
6789	1-2-35	133 Can't Stop Street	133 Can't Stop Street	1-2-35	133 Can't Stop Street

FORM 112-B		NO. OF BILLS		PREMISES	
DIVISION	DATE	NO. OF BILLS	PREMISES	DATE	NO. OF BILLS
7890	1-2-35	123 Abraham Street	123 Abraham Street	1-2-35	123 Abraham Street
6789	1-2-35	133 Can't Stop Street	133 Can't Stop Street	1-2-35	133 Can't Stop Street

FORM 112-B		NO. OF BILLS		PREMISES	
DIVISION	DATE	NO. OF BILLS	PREMISES	DATE	NO. OF BILLS
7890	1-2-35	123 Abraham Street	123 Abraham Street	1-2-35	123 Abraham Street
6789	1-2-35	133 Can't Stop Street	133 Can't Stop Street	1-2-35	133 Can't Stop Street

FORM 112-B		NO. OF BILLS		PREMISES	
DIVISION	DATE	NO. OF BILLS	PREMISES	DATE	NO. OF BILLS
7890	1-2-35	123 Abraham Street	123 Abraham Street	1-2-35	123 Abraham Street
6789	1-2-35	133 Can't Stop Street	133 Can't Stop Street	1-2-35	133 Can't Stop Street

City Water Board  
100 W. MARKET STREET  
SAN ANTONIO, TEXAS

February 11, 1935

Mr. John Doe  
133 Can't Stop Street  
San Antonio, Texas

Dear Sir:

The records of credit experience prove that ninety-eight of every one hundred people who pledge their credit will pay.

A few meet with reverses but they explain their situation promptly, then pay as soon as they can.

This is our way of reminding you that we count you among the ninety-eight.

Won't you pay your account, if you can pay it; or, if you can't, write us why?

Very truly yours,  
CITY WATER BOARD

Chief Collection Clerk

GAM/krw  
T - 7890  
Enc.

⑤

## DEPOSIT RECORD

Tap: 6789  
Name: Doe, Mr. John  
Address: 133 Can't Stop Street

Amount to be paid  
1.00 Date Paid: 2-15-35  
2.00 Date Paid: 2-15-35  
3.00 Date Paid: 2-15-35

Should fail to make payments as above shown, the City Water Board has the right to discontinue service without further notice.

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## EXPLANATION OF FORMS

1. Credit Application Blank
2. Alphabetical Index Card
3. Group Alphabetical Index
4. Street Index Card
5. Letter #3 on Final Bill
6. "Deposit Record" Envelope
7. Follow-Up Card for Unpaid or "Inactive Accounts"
8. Letter #4 on Final Bill

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Mr. John Doe  
133 Can't Stop Street  
San Antonio, Texas

Dear Sir:

Most people, we believe, will do what they think is right; and, when given an opportunity, will deal as fairly with others as they expect others to deal with them.

It is because of this faith that we are writing another letter to remind you of your account.

If you owe the account, you should pay it; if you do not owe it, show us and we will see that the account is closed.

All we ask of you is what you would expect of us.

Very truly yours,  
CITY WATER BOARD.

Chief Collection Clerk

GAM/krw  
T - 7890  
Enc.

⑧

the consumer desires service again in the area supplied by the city's plant, we decline to render this consumer service until he has either paid or made satisfactory arrangements to pay any amount due from him for previous service.

The merchant, of course, has the same privilege of declining to sell the consumer merchandise until the bills have been paid. Although some competitor may sell the customer, he takes the chance of suffering loss if he gives credit to someone who owes another firm. And, if the firm from which he asks new credit investigates, the credit is probably declined and the customer is always in the same position as the consumer who applies for service again from the Water Department!

Of course, the consumer may move into a house where the water is furnished by the owner. He may move into some addition not supplied by the city. He may move to some other city. In either event, he renders it impossible for the Water Board to collect the amount due it. Then again, such matters are reported to the Retail Merchants Association; when inquiries are made and the consumer is finally confronted and his credit is impaired by reason of the obligation due the Water Board, there is still a possibility of collection being made!

All credit information received from the Retail Merchants Association is handled in a confidential way and kept in private files but reference is made to such reports on records that are available for ready reference.

We have a total of 53,728 connections, 47,734 of which are active paying accounts, and for the use of our collection department we have what we call a "street file" in the form of a visible Globe-Wernicke index of "three-by-five cards" in street order and this file is a complete index of all connections to the city's mains. This enables our counter clerks to locate any consumer's account by the street name and house number and the card carries all the information necessary for the making of changes from one consumer to another and reference to our ledgers for the making of duplicate bills. (See Figure 4.)

This record card gives the account number, the name of the consumer, street and number and the mailing address in addition to the route and page number so the account can be found in the meter route book together with other information.

In addition to this index we have an index in alphabetical order (Figure 2) of all active accounts and we have still another index in alphabetical order of all consumers who pay two or more bills, which we call our group alphabetical file. (See Figure 3.) These alphabetical files carry all of the information shown on the street card and in addition to this show the consumer's credit history as far as the water plant is concerned and it makes reference to credit reports.

A notation is made on the alphabetical card if a consumer owes any charges on closed accounts and it also shows if the consumer has a deposit and the amount of such deposit. It shows the number of delinquent notices delivered to the premises and the times that service was discontinued for nonpayment, information as to N.S.F. checks, if any have been received and, in addition to this, the number of times discount has been allowed and other information.

If a consumer has but one account with the Water

Board and closes this account, the alphabetical card is transferred to a file for inactive accounts and, if the consumer is indebted to the Water Board, a separate follow-up record card (Figure 7) is made which is the working card for the collection department in collecting the amount due.

When any person or firm makes application for service, the application clerk refers to the inactive file immediately in order to determine if the consumer is indebted to the Water Board for any final account. If the consumer is merely making application for an additional account, reference is made to the consumer's card in the active index file to get any information that would be necessary to properly handle the opening of the new account based on the record of our experience with the consumer. If the consumer is indebted to the Water Board, he is required to either pay or make satisfactory arrangements to pay any indebtedness before the account is opened and, if our record with the consumer is such as to necessitate the collection of a deposit, the consumer must either make or agree to make a deposit before his application or contract for water service is accepted by the Board.

If the examination of our records shows that the consumer has had no previous dealings with the Water Board, he is required to make a deposit, unless a satisfactory report can be obtained from the Retail Merchants Association—which will trace the consumer back to his home town in a case where a consumer is a newcomer to San Antonio.

We do not always rely upon our own record of experience with a consumer unless that experience is recent. During these unusual times some people who have been good pay in the past might be bad pay now and, unless we have a record of recent experience with the consumer, we collect a deposit or take the consumer's application for credit (See Figure 1) subject to the report that we obtain from the Retail Merchants Association.

The Water Board prides itself on its collection department and especially the credit procedure in that we feel that it is both efficient and fair and every consumer is treated alike regardless of his station in life.

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### Cleveland Credit Men's Election

The annual meeting of the Cleveland Retail Men's Company was held at Hotel Statler, February 6, with 550 present, including bureau representatives from a number of nearby communities. Principal speakers were R. G. Roth, President of the Cleveland Retail Merchants Board, and the guest speaker, L. S. Crowder.

Principal business of the meeting was the election of three trustees: G. C. Driver (first vice-president, National Retail Credit Association) and C. C. Kortz were reelected for three years. C. W. Reinhardt was elected to fill the vacancy left by retiring president J. Atlee Schafer.

At a subsequent meeting of the Board of Trustees, February 15, J. G. Ost, for the past two years vice-president, was elected president, Frank R. Dill was reelected vice-president, and William H. Gray was elected to his nineteenth consecutive year as secretary.

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A. E. Kaiser succeeds W. W. Miller, deceased, as Credit Manager of Bullock's, Los Angeles.

# The Sixth District Convention

By H. W. HOKLAS

Credit Manager, The Young-Quinlan Company, Minneapolis, Minn.

**T**HE Sixth District of the National Retail Credit Association was formed at the conference of credit granters which was held in Saint Paul on the dates of February 18 and 19 at which time a constitution was adopted and officers were elected subject, of course, to the acceptance of the regional plan at the National Convention at Rochester, New York, in June.

This Sixth District meeting shared the distinction with the Seventh District, which held its meeting at Kansas City on the same dates, of being the first district to organize under the new national arrangement of territory allotments.

The Sixth District includes the states of Nebraska, Iowa, North Dakota, South Dakota, Minnesota and the Province of Manitoba.

The officers elected at this conference to serve for the ensuing year and at the next annual conference to be held at Des Moines, Iowa, in February, 1936, are: President, L. R. Pearce, Frankel Clothing Company, Des Moines, Iowa; Vice-President, Geo. B. Walen, District Superintendent, Tri-State Telephone and Telegraph Co., St. Paul; Secretary-Treasurer, Dean Ashby, M. L. Parker Co., Davenport, Iowa.

Directors: Benjamin F. Collins, Warner Hardware Co., Minneapolis, Minn.; Duncan Campbell, Fargo, North Dakota; F. W. Funk, Hudson's Bay Co., Winnipeg; Robert M. Grinager, First Street Department Store, Duluth, Minn.; Mrs. Carl Wagner, Sioux Falls, South Dakota; and H. R. Amos, Lincoln, Nebraska.

National Director: H. O. Wrenn, Nebraska Clothing Co., Omaha, Nebraska.

The program was an excellent one—well arranged—the addresses exceptionally good. The Convention was most fortunate in its choice of speakers, as the talks were not only practical and highly educational but were also all ably delivered. Many of these addresses, as soon as

copies can be obtained, will be forwarded to The CREDIT WORLD for publication.

The secretaries of the credit bureaus of this district held a meeting at the same time as the credit granters as also did the men in charge of the collection departments of those bureaus and of the affiliated collection agencies. Each of these two groups adopted a constitution and elected officers.

The conference was honored by the presence of Charles M. Reed, President of the National Association, and of L. S. Crowder, General Manager-Treasurer.

A word of praise should justly be given the Saint Paul Retail Credit Association for their hospitality, for their entertainment and for the program of instruction which well merited the large attendance.

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## Record Crowd Greet Crowder at Baltimore

The Annual Dinner-Dance of the Associated Retail Credit Men of Baltimore, held February 13, at the Emerson Hotel, brought out a record crowd for what proved to be a gala affair.

Many were anxious to meet and greet the National Association's new General Manager-Treasurer, Mr. L. S. Crowder. His talk on tightening credit was attentively followed.

Officers and Directors elected (at this meeting) are as follows: President, M. C. Berkeley; Vice-President, W. S. Hull; Treasurer, E. R. Coles; Secretary, J. W. Mehling.

Directors: E. A. Epstein, H. A. Dorsch, J. F. Eichelberger, G. E. Harris, L. W. Hilbert, Monroe Schoen.

During the last twelve months, as membership contracts were renewed, Baltimore has been making every member a National member. It will very soon be a "One Hundred Per Cent" National affiliate.

—J. W. Mehling.





# N. R. C. A. Stickers Speed Collections

By W. DONALD SWEGER

General Credit Manager, Pomeroy's Department Stores, Inc.,  
Reading, Pa.

**A**FTER trying many other kinds of stickers we were rather skeptical for a long time as to the results possible through the use of N. R. C. A. Collection Stickers. (That was before we tried them and our experience in their use is the basis of this article.)

We operate four stores in different cities: Reading, Harrisburg, Wilkes Barre and Pottsville. A year ago, at a meeting of our credit managers, we discussed the possibilities of using these stickers in collecting our delinquent charge accounts. It was decided that each store was to give them a trial and the credit managers were to report in three months.

Each credit manager was satisfied, after the trial period, that his store should continue using the stickers during the first stages of a delinquency as they saved considerable time and money and eliminated the use of collection letters.

Our procedure is as follows:

After the monthly statements are sent, a clerk in the Collection Department goes over every account and lists the names of all that are delinquent on ordinary sheets of paper. For example:

*Doe, Mrs. John, 1037 Birch St., City, \$25.64 to 12/1/34.*

At the same time a notation is made on the ledger sheet with pencil, as follows: "C. E. 1/10/35," which indicates that a statement has been sent to the customer on that date with a first sticker, on any account so marked. The person going over the accounts the following month, knows this account is being followed and does not include it on the list being prepared. As each sheet is completed it is given to a clerk who types the statements and attaches the first sticker. (See Figure "A.")

After the ledgers have been completed and all statements and stickers sent, from the listing sheets the follow-up record form (Figure "B") is filled out, showing the amount overdue, to December 1, as \$25.64. On this record we also note the date the first sticker was sent.

By referring to Figure "B," you will notice the amount delinquent is placed in the No-

ember balance column, which is the amount owing to December 1, 1934. Should it occur that the three stickers are not sent in any one month the charges, credits and new balance are posted to the follow-up form. These are filed away in a 3 x 5 due date file to come up for attention within ten days.

On the due date they are checked with the ledgers and if no payment has been made, a second statement is prepared and the second sticker attached; the same amount is shown on the second statement as on the first. In the event the account has been paid in full the pencil notation on the ledger sheet is erased.

This same procedure is followed again within ten days and the third statement and sticker sent. We again note on the follow-up form the date and kind of sticker sent.

Should the customer make a payment, on account, which is less than 25 per cent of the amount shown on the statement, in response to any sticker, we immediately write thanking her for the remittance and calling attention to our terms which stipulate that her account is "due and payable in full monthly." We then make a Collection and Collector's Card. From this point no further stickers are sent on this account. If, on the other hand, her payment is in excess of 25 per cent, we file the follow-up form in a due date file to come up for attention within thirty days.

Where no attention is given to the first, second or third sticker, we send our first collection letter at which time a Collection and Collector's Card is made and the

Form 111-20M-7-34		POMEROY'S, INC.		
	CHARGES	CREDITS	BALANCE	REMARKS
JAN.				1-20-35 2S
FEB.				1-27-35 3S
MAR.				
APR.				
MAY				
JUNE				(B)
JULY				
AUG.				
SEPT.				
OCT.				
NOV.	1934		25.64	
DEC.				
DATE 1-10-35 1S				
NAME Doe, Mrs. John		ADDRESS 1037 Birch St.		

account worked by our Collection Department and outside collectors. The small follow-up form is then given to our charge authorizer who signals her file, placing the account on a *refer* basis (the follow-up form is then destroyed). After the account has been paid the Collection Card is marked either "reopen, refer or keep closed" and is given to the charge authorizer for proper signalling.

We have always been able to get over our ledgers within a week or ten days and get three stickers out each month. This sometimes necessitates our moving the due date from ten to seven days—especially if it gets near the end of the month.

The procedure outlined is used by all stores and we have been able to keep our accounts in good condition and maintain a good collection percentage.

### Results Prove Effectiveness

During the months of November and December, 1934, an accurate record was kept by our Reading Store as to the exact number of stickers sent. The results are submitted below:

In November, 1934, we used these stickers on 571 accounts with the following results:

- 164 paid in full after receiving first sticker.
- 94 paid in full after first and second stickers.
- 65 paid in full after receiving all three stickers.

• • •

*Note: The first sticker is shown attached to statement (reduced size). The second and third are shown below, actual size.*



A total of 323 paid in full as a result of these stickers—while 110 more made partial payments on their accounts, making the total collections for the month on these accounts 433 or 75.9 per cent. No response from the remaining 138 accounts (24.1 per cent).

In December, 1934, these stickers were attached to statements sent to 722 delinquent accounts. The first brought payments in full from 214 accounts—the second from 103—the third from 56, making a total of 373. Of the balance, 220 made payments on accounts. Out of 722 accounts, 593 or 82.2 per cent paid in full or made partial payments. No response was received from the other 129 accounts (17.8 per cent).

We would recommend to any firm having trouble with the collection of delinquent accounts that they try using the N. R. C. A. stickers. They are gentle reminders and will help speed up your collections and cut collection costs and at the same time retain the good will of the customer. We suffered very little reaction from those receiving stickers.

If you cannot make up your mind to use stickers, why not try a few of them on your accounts and ascertain the results you obtain? They can be obtained from the National Retail Credit Association or your local Credit Bureau.

« « «

*Twenty-Second Annual Convention—National Retail Credit Association—June 18 to 21, 1935.*

STATEMENT			
<b>POMEROY'S, INC.</b>			
<b>READING, PA. January 10, 1935</b>			
<b>(A)</b>	<b>M</b>	<b>Mrs. John Doe,</b>	
		<b>1037 Birch Street</b>	
		<b>Reading, Pennsylvania</b>	
<b>Amount due to December 1, 1935</b>		<b>25</b>	<b>64</b>
<b>TERMS: ACCOUNTS ARE DUE AND PAYABLE IN FULL MONTHLY.</b>			

# Comparative Collection Percentages-January

DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						JEWELRY		
	1935			1934			1935			1934			1935			1934			1935			1934			1935		
	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.
1 Boston, Mass.	50.4	55.9	41.5	46.9	58.0	39.7	16.9	23.6	16.3	19.8	22.8	15.4	53.6	61.8	42.5	50.4	59.9	39.5	23.7	34.7	12.8	23.4	32.7	14.1	68.9	65.0	67.9
Providence, R. I.	45.0	56.0	42.0	46.7	55.1	43.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Hartford, Conn.*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Springfield, Mass.	51.5	58.6	47.9	50.5	56.8	47.1	17.0	23.3	11.2	16.6	22.1	12.1	58.7	89.0	44.3	51.7	59.0	46.2	—	—	—	—	—	—	—	—	—
2 New York City	49.9	58.8	41.6	49.4	56.8	39.0	17.3	26.0	12.4	17.7	27.3	10.2	49.7	61.8	40.6	50.0	59.9	36.6	—	29.4	—	—	—	—	—	—	—
Pittsburgh, Pa.	43.4	50.8	38.4	41.1	48.7	37.2	16.1	19.6	13.0	16.4	19.4	12.6	44.3	50.8	39.5	42.1	51.8	35.0	—	—	—	—	—	—	—	—	—
Syracuse, N. Y.	37.5	41.6	30.7	30.7	36.0	25.0	18.5	23.0	16.3	16.6	18.6	15.6	—	45.1	—	—	43.7	—	—	15.0	—	—	10.4	—	—	—	—
Utica, N. Y.	47.0	53.0	36.0	44.0	50.0	34.0	—	—	—	—	—	—	42.0	52.0	31.0	37.5	49.4	26.0	10.3	13.7	8.6	8.8	9.6	7.6	—	—	—
3 Washington, D. C.	36.3	52.5	30.0	33.9	49.8	30.5	11.9	13.1	6.0	11.5	12.1	7.0	—	42.9	—	—	39.8	—	—	—	—	—	—	—	—	—	—
Huntington, W. Va.	47.5	49.2	45.9	41.9	46.3	37.5	—	8.2	—	—	6.5	—	—	—	—	—	—	—	—	9.1	—	—	9.5	—	—	—	—
Baltimore, Md.	40.8	46.0	34.8	39.4	45.6	39.6	14.2	24.6	8.0	15.8	23.4	9.7	41.2	46.9	36.8	38.1	44.3	34.0	—	—	—	—	—	—	—	—	—
4 Birmingham, Ala.	40.1	43.1	35.8	35.1	37.8	32.5	18.3	25.7	13.5	12.3	18.8	9.8	44.8	57.6	37.0	—	—	—	11.0	12.8	9.2	10.8	12.3	9.3	—	31.6	—
New Orleans, La.	45.6	45.9	44.8	44.0	45.0	42.4	15.6	20.1	14.3	18.0	20.3	13.0	47.3	49.0	45.7	39.9	46.4	33.4	—	—	—	—	—	—	—	—	—
Atlanta, Ga.	33.6	41.1	26.2	32.6	38.7	26.5	15.5	17.3	13.8	15.6	18.1	13.2	36.3	38.0	34.7	35.9	37.1	34.7	10.7	11.3	10.2	11.3	12.8	9.9	—	25.4	—
5 Kansas City, Mo.	60.0	76.7	50.3	57.4	78.7	43.9	—	—	—	—	—	—	45.9	53.9	39.7	42.5	48.5	37.1	10.7	—	—	9.9	—	—	—	—	—
St. Louis, Mo.	51.9	59.4	47.8	45.0	56.7	43.4	19.1	22.8	16.4	20.5	27.1	17.1	43.8	47.8	36.8	41.3	49.0	37.3	—	15.9	—	—	15.2	—	—	54.0	—
Little Rock, Ark.	38.3	40.3	32.3	34.9	40.5	32.2	11.7	13.0	10.4	13.3	16.7	10.0	—	36.2	—	—	39.7	—	12.3	13.1	10.0	13.1	13.3	10.8	15.8	18.2	13.0
6 Cleveland, O.	44.9	54.4	37.3	39.0	44.1	32.1	20.4	45.9	14.0	17.7	38.8	12.9	42.5	51.5	32.2	42.4	48.2	34.0	8.8	9.4	8.1	8.8	9.2	8.4	53.6	61.0	45.2
Cincinnati, O.	50.1	54.0	47.2	41.8	45.1	34.0	14.6	29.6	12.9	13.3	18.3	11.3	50.5	62.0	44.9	49.5	58.5	41.8	—	—	—	—	—	—	—	—	—
Columbus, O.	46.0	53.0	44.6	45.5	50.5	42.0	14.9	16.4	13.4	13.6	14.4	12.8	47.5	54.7	39.6	44.5	51.8	37.5	16.4	37.0	13.4	14.4	35.0	12.8	—	—	—
Toledo, O.	48.6	51.0	42.1	39.3	40.1	38.1	18.2	19.5	14.4	14.9	15.1	13.2	49.5	52.3	43.4	46.5	49.3	43.7	—	9.2	—	—	5.9	—	—	—	—
Youngstown, O.	44.5	46.5	42.5	38.3	43.5	33.1	17.9	20.5	15.3	15.1	15.6	14.6	—	28.5	—	—	21.9	—	16.0	19.0	13.0	—	—	—	—	—	—
Detroit, Mich.	53.8	70.0	42.2	42.8	54.7	30.6	28.9	52.1	18.2	26.2	41.3	17.9	46.5	56.8	39.3	47.7	55.4	35.7	—	—	—	—	—	—	—	—	—
Grand Rapids, Mich.	37.0	37.9	36.1	36.1	38.0	33.8	—	—	—	—	—	—	46.7	55.5	38.0	42.5	50.9	32.0	12.7	15.2	9.8	11.2	14.5	7.1	—	—	—
Milwaukee, Wis.	44.7	50.8	41.0	42.7	47.9	35.7	18.6	20.7	16.4	17.5	21.1	13.9	—	50.0	—	—	48.0	—	—	10.6	—	—	8.6	—	—	—	—
Springfield, Ill.	33.6	45.1	17.3	29.3	40.2	19.0	—	—	—	—	—	—	31.6	33.2	30.0	29.6	30.2	29.0	20.0	27.0	14.0	18.9	24.8	15.3	30.6	61.0	24.7
7 Duluth, Minn.	45.8	48.7	39.5	46.2	56.9	41.0	20.5	28.0	17.1	22.8	24.0	16.5	46.2	57.5	34.7	60.8	67.6	54.1	—	—	—	—	—	—	—	—	—
St. Paul, Minn.	55.4	62.7	51.1	53.4	58.9	50.0	—	—	—	—	—	—	42.0	47.2	36.0	43.1	44.2	42.0	—	—	—	—	—	—	—	—	—
Minneapolis, Minn.	64.2	66.5	61.5	62.8	65.2	60.9	20.0	24.3	13.8	19.2	22.5	13.3	55.1	60.5	47.0	52.1	57.0	44.5	—	11.8	—	—	12.7	—	—	—	—
Davenport, Ia.	50.1	50.6	49.6	43.0	43.4	42.6	17.2	18.0	16.4	—	17.5	—	—	40.0	—	—	38.0	—	—	—	—	—	—	—	—	—	—
Cedar Rapids, Ia.	51.5	55.7	34.7	42.3	51.7	47.0	—	—	—	—	—	—	—	59.0	—	—	72.0	—	—	—	—	—	—	—	—	—	—
Sioux City, Ia.	43.0	46.1	40.0	41.5	46.0	37.0	17.0	17.0	17.0	—	14.0	—	—	40.0	—	—	39.0	—	—	11.0	—	—	12.0	—	—	—	—
Omaha, Neb.	—	44.0	—	—	39.4	—	—	13.8	—	—	12.3	—	40.7	47.8	33.0	41.2	55.6	35.8	—	—	—	—	—	—	—	—	—
North Platte, Neb.	41.7	42.3	41.1	40.8	41.6	40.0	15.3	16.5	14.2	14.6	15.7	13.6	52.9	54.3	51.6	49.2	49.2	49.2	10.3	11.3	9.4	11.5	13.9	9.1	37.0	42.4	31.8
8 Tulsa, Okla.	52.7	59.4	51.0	52.1	58.0	50.2	15.4	16.0	14.8	16.0	17.0	15.0	41.5	43.1	40.0	48.8	56.0	41.6	17.3	17.6	17.2	18.5	20.1	16.9	—	—	—
Oklahoma City	52.8	64.8	52.1	53.3	57.4	50.7	16.4	28.7	11.8	12.7	15.4	8.3	—	49.0	—	—	47.0	—	—	—	—	—	—	—	—	—	—
San Antonio, Tex.	44.2	50.2	36.0	41.4	48.0	36.9	—	—	—	—	—	—	43.5	50.2	36.7	39.6	47.9	34.0	9.0	10.5	7.8	8.7	8.9	7.5	54.6	65.3	53.0
9 Denver, Colo.	45.1	50.3	41.6	42.8	44.6	40.1	15.6	26.6	13.6	11.7	18.2	11.6	45.9	47.7	44.2	42.7	44.6	40.8	11.2	11.3	11.0	11.5	11.6	11.1	28.0	43.0	10.2
Salt Lake City, Utah	52.2	55.2	49.2	48.9	52.0	46.6	17.6	19.9	15.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10 Portland, Ore.	35.3	64.2	34.8	33.0	44.3	28.6	16.2	18.4	10.2	13.2	17.3	12.9	43.0	54.0	30.9	34.5	40.0	29.1	8.0	9.8	7.3	8.7	12.6	6.6	21.0	67.4	21.2
Spokane, Wash.	50.8	54.5	47.2	50.3	59.3	41.3	13.9	14.2	13.7	14.7	18.7	10.5	24.3	29.0	19.7	23.2	28.0	18.5	—	—	—	—	—	—	—	—	—
Billings, Mont.	38.2	38.3	38.1	38.4	38.6	38.2	—	15.0	—	—	15.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11 San Francisco and Oakland, Calif. }	42.0	46.7	34.8	38.9	47.4	34.4	19.5	33.5	12.9	18.1	31.4	14.5	37.5	48.5	26.3	38.5	50.1	29.0	13.4	23.8	11.5	13.5	18.4	10.7	—	—	—
Los Angeles, Calif.	59.1	63.5	49.9	58.0	64.1	45.3	22.1	25.8	16.4	—	—	—	59.8	60.1	45.5	56.0	60.2	46.5	—	—	—	—	—	—	—	—	—
Santa Barbara, Calif.	44.6	51.6	37.4	44.6	49.8	37.1	—	—	—	—	—	—	58.1	67.0	48.3	—	—	—	—	—	—	—	—	—	—	—	—
12 Vancouver, B. C.	59.1	68.9	49.4	57.9	65.6	50.2	27.2	31.2	23.3	21.8	22.6	21.1	44.2	58.5	30.0	—	31.0	—	—	10.6	—	—	—	—	—	—	—
Victoria, B. C.	52.2	53.0	51.5	52.3	52.6	52.1	19.6	23.0	16.2	20.8	22.0	19.6	—	59.0	—	—	43.0	—	—	—	—	—	—	—	—	—	—

\*Information not received at time of going to press.  
 †Furriers  
 ‡Laundry

§Heating  
 ¶Lumber

•Paper and Paint  
 †Coal  
 ‡Cleaning and Dyeing

•Jewelry Supplies  
 †Grocery  
 ‡Sundry, Office



# The Wholesaler's Responsibility to the Retailer

By H. E. ROUNDS

Credit Manager, The Isbell-Kent-Oakes Dry Goods Company (Wholesale), Denver, Colo.

I WILL confine my discussion to the wholesaler as represented by the Credit Department and will not attempt to cover more than one phase of the credit man's responsibility in this article, namely: Discussing the retailer's problems as seen and analyzed by the wholesale credit man and offering suggestions that will assist the retailer to improve his financial position and safeguard his assets which represent in many cases the results of many years' work.

In this respect, the primary responsibility of the Credit Department is to assist the retailer in keeping his account with the firm in such condition as to permit the immediate shipment of all merchandise needed in the wholesaler's line. A prompt paying record is a necessity on the part of the retailer to merit the proper working of credit extension.

In order to place himself in the position either to discount or pay bills promptly at maturity, it is necessary that the retailer keep a close check on his accounts and devise a system of records that will suit the requirements of his business and enable him to guard efficiently the part of his assets from which money is developed to pay obligations incurred in the operation of his business.

It is an established fact that in most cases where an account becomes slow on a wholesaler's books, analysis of the financial statement of the customer will show that *capital is frozen in accounts receivable*. While these accounts may be collectible over an extended period of time, the merchant cannot afford to jeopardize his own credit standing by too liberal credit extensions. This practice of uncontrolled credit selling in many cases leads to financial difficulties.

There must be, of course, exceptions to a hard and fast rule of insistence on payment in full when due. There are some cases, in localities such as farming districts, where incomes are periodical. The merchant must necessarily carry a portion of his accounts on the books for periods in excess of terms.

However, a great deal of care should be taken to extend credit only to those who will settle in full on receipt of incomes. In many cases security is advisable and should be insisted upon. Local credit associations are of great assistance in selecting the proper risks, not only on extended accounts but also on those opened to be paid within customary retail terms.

It is my opinion that if every merchant would analyze each account on his books and fix a limit on that account consistent with the customer's capacity to pay and then follow the accounts closely to see that they are kept within that limit, a great many credit losses would be eliminated and the merchant would find himself in a position to pay his own obligations when due and in many cases to take his discounts. This same arrangement should be made on each new account opened and

the customer educated from the start to pay his bills in full when due. Paying habits are no different from other characteristics of the human race and if the customer finds that you insist on bills being paid according to terms, he will form the habit of paying when due, thus eliminating the difficult task of trying to reform a slow-paying customer.

The usual reaction of the retailer when a suggestion is made about changing his credit policy is that it will result in loss of customers and a corresponding decrease in volume. Perhaps it will; but only temporarily and not to the extent predicted—for the merchant will find that as his cash position improves, his buying advantages and earned discounts will not only offset the loss of a few accounts but will also enable him to quote prices that will attract new customers.

It will be well for the retailer who is considering a change in his credit policy, to keep in mind the practice of debtors to avoid a merchant they are owing when buying and paying cash. This practice, while very unfair, is well known to nearly every merchant carrying past due accounts on his books.

Increased diligence on the part of the retail merchant to keep his customers' accounts in proper shape will open the way for increased sales by getting the benefit of the customers' total purchasing power in his line. This is preferable to receiving only that portion of the business which will be carried as a receivable over an excessive period of time, depreciating considerably the expected profit on the sale.

*The fact that the man who gets the money for last month's account gets next month's charge business cannot, in most cases, be denied.*

I would suggest that every retail merchant keep before him the undeniable fact that his credit is an asset and that it should be protected fully at all times by caring for his obligations properly so that if an occasion should arise when assistance from his wholesaler is necessary, a check-up on his paying record will indicate that he is entitled to the accommodation.

It is my belief that the responsibility of the wholesaler to the retailer begins and ends with the retailer's problems. So the suggestions I have offered in this article are presented with a desire to assist the retail merchant in setting up a system of credit control that will reflect itself favorably in his paying record, and give him greater returns from his operations.

*In the final analysis, profits cannot be figured until receivables are turned into cash.*

» » »

Another Credit Women's Group: As we go to press we learn that Miss M. Ylonde Du Montier, Credit Manager, Maison Maurice Company, New Orleans, heads the new Credit Women's Group of that city.

# Monthly Collections of 102.3\* Per Cent!

By WALTER CURRIER

Secretary-Treasurer, The Casper Commissary, Inc., Casper, Wyo.

## As Told to Ogden J. Rochelle

THE part that the credit department plays in the modern merchandising world is not appreciated in its correct light. Credit is more than bookkeeping. Unlike price, which is a thing fixed by cost, profit and consumer purchasing power, it cannot be separated from the human equation.

Too often stores separate the credit department from other functions of the business, hide it away behind frosted-glass doors, and call upon its resources merely to open accounts or when a customer becomes hopelessly behind in payments.

Our experience has led to creation of a credit policy that builds business, gets new customers, and gives the Casper Commissary one of the highest collection percentages in the nation, and without undue stress or pressure on the customer.

The foundation of our credit system is the securing of the customer's "good will," for we know that a satisfied customer will pay his bill without much prompting from us. Of course it is easy to say that "good will" makes good-paying customers, but how that "good will" is obtained is not so easy of explanation.

Perhaps the best way is to follow through the Commissary's procedure from the opening of an account along its many possible trails.

In the first place, the credit department is a thing alive. No frosted doors, no forbidding portals, no politely noncommittal clerks to keep the customer from frankly discussing his merchandising problems with his merchant. (A doctor could do little with a patient if the patient did not frankly confess his ills and aches.)

The credit office is located in the center of the store. It is able to see all departments and observe each customer. Likewise, it is open to observation, easy of access to the customers, none of whom are refused audience.

Authorization of credit is thus expedited. By the overhead message system, common to large stores of several years ago, a query on a customer's credit is sent to the credit office and authorized or disapproved before the clerk can wrap up the purchases. If the account is not authorized the customer is asked to call at the cashier's office (also the credit department). It is only a step from the counter, and an ensuing discussion with the customer may lead to a good account, which otherwise might have been turned away.

Here all accounts are opened. In rare instances credit may be extended on the personal appearance of the customer and whatever references he is able to present. Of course, all statements as to his present employment and as far back into his past as possible are immediately checked.

However, as a general practice, no accounts are opened without a clean bill of health from the local credit ex-

change. We find that, if the credit exchange does not wish to take the risk of passing the prospect, we cannot risk our commodities, unless there are unusually extenuating circumstances.

The credit exchange thus saves us a large part of our work. Often it has complete records of a prospect's credit life. Naturally enough, we wish our records as complete as possible and so extend the

original information contained on credit application cards.

Once the account is opened a credit limit is fixed. If possible the *date of payment is arranged* so that the customer pays up shortly following the town's major industrial pay days. Casper is a pay-roll town, with refineries hiring a large bulk of the people, so that there are quite definite periods of the month when consumer purchasing power is at a maximum.

One of the greatest factors in our system we consider to be the *reduction of credit periods to 15 days*, rather than once a month as formerly. This is considered wise because most pay days are semi-monthly or weekly, and consumers find it easier to pay when their bills are smaller.

After all, the reason for credit is to relieve the buyer from the constant need and handling of money. Most buyers, who appreciate the extension of credit, would as willingly pay every two weeks instead of monthly, provided that their days of income are oftener than once each month. At any rate the system has proved very satisfactory. *Many accounts are paid not once but twice a month*, maintaining a very liquid condition in the store's accounts, making it possible to meet wholesale accounts more readily and providing for a more wholesome condition in the store's accounts.

It is no particular favor to allow a customer to use credit beyond his means of paying. Particular attention is given to this detail. The credit department does not function just once every two weeks. The cashier daily closely scans all accounts and when a purchaser shows an inclination to spend more than his credit limit or beyond his ability to pay he is called to the office, where a friendly talk generally reveals that the customer was buying more than he realized.

The result is a grateful customer, grateful because he has been saved needless expense and embarrassment. Keeping the customer within the confines of his ability to



Walter Currier

\*See explanation at end of article (next page).

pay is perhaps the fabric of our credit system, without which there would be no cloth.

That this close contact between customer and credit department is not injurious, as some credit managers might be inclined to think, is demonstrated by the fact that the number of customers has constantly increased. More than 1,200 charge accounts are carried by this store, in a town of some 18,000 people, where there are several first-class chain and cash stores as well as other credit establishments.

Of course, the usual merchandising practices in retaining the customer must be maintained. Thus the credit department is required to practice courtesy and service as much as the grocery, meat, or dry goods department.

Part of our credit success is due to the type of the store. The Commissary is a general department store, thus supplying nearly all of a customer's wants. The customer is apt to value his credit at the store where he can get service and quality, and where he can fill all of his needs.

As part of the personal attention paid to every account (we make it a point to be personally acquainted with every one of our 1,200 customers) extensions of credit are sometimes granted. If a good account finds it expedient to allow a balance to run over from one month to another this is allowed.

*However, it is not good practice to allow a customer to consistently maintain a balance on the store's books. To avoid this he is occasionally—and the occasions must not be too far apart—reminded to pay up "in full."*

Most of the trading is done by customers who come to the store and shop around—who prefer to see what they buy. However, once accustomed to the quality of the goods, and we feel that quality goods make quality customers, the customer often learns to telephone orders.

Telephoned orders must be "O.K.-ed" at the credit desk in the same manner as any other order. The cashier is required to maintain close contact with all ordering at all times, and no authorization of credit can be extended from any but the central office. Here is kept the original credit application, which also serves as a filing reference, on the back of which further information is placed.

The system works. No form letters are found necessary or thought practical. At the close of the month, or 15-day period of business, statements of accounts are mailed out. These generally bring forth prompt payment. The policy of the store has already laid the way. The bill reaches the customer shortly after his pay day.

If no payment is forthcoming it is assumed that there is a legitimate reason and personal contact is sought with the customer, arranging things to mutual satisfaction. Generally the customer has merely decided to run over for a few days. This has already been explained. The store does not become overly insistent, although it is pointed out that the store's obligations to its wholesalers are due every 15 days and must be met, and that a payment by the customer would be of great benefit.

The average family unit trading with the Commissary spends from \$40 to \$50 each month, which is generally safely within the income of the wage-earning member of the unit. Ninety per cent of all accounts are paid by the 20th of the month, and any collection procedure is limited to less than 10 per cent.

If a letter is necessary, the credit department composes one, with the particular customer in mind. The communication is generally a personal appeal. Formal phraseology is avoided. Customers vary in their dispositions and a form letter is considered not in the best form.

Whenever possible, personal contact is preferred. A form letter only talks; it does not see, hear, or feel.

While a slightly higher cost generally prevails on our merchandise the cost of the credit department is never included in sales prices. Prices and merchandise are in line with the tastes and pocketbooks of the customer and credit, in itself, is a store drawing card.

Our credit department is considered as part of the regular sales personnel. It performs creditably and contributes as much to the advertising and sales ability of the store as any other part of the personnel.

It should be reiterated that the 15-day term of credit is an improvement over the month-long period. In a payroll town the customers find it difficult to meet accounts that have run 30 days, especially if the customer is paid on a weekly basis. The credit system is thus made to fit the customer's budget, not an arbitrarily set plan.

We try to remember to be human and consider that the customer may have honestly gotten into temporary difficulties, from which, with our help, he may be comparatively easily extricated.

All in all, there is nothing really radically different in the Commissary's methods. It merely puts into practice precepts that merchants have been taught for many years. But to have a policy is one thing and to follow it is quite another. The Commissary rigidly adheres to its rules, the customer knows it, and both seller and buyer are quite aware of their respective situations so that little misunderstanding occurs.

Summing up, the Commissary's success is due to (1) limiting credit to the buyer's ability to pay, (2) personal contact with each customer and closely watching his buying, (3) the short-term credit period, (4) carefully rating each customer, and (5) avoiding stereotyped collection methods, which are apt to irritate and alienate a good customer.

*(Editor's Note: In the "Comparative Collection Percentages" Chart, in the February issue, we promised an explanation of Casper's figure of 102.3 per cent. The answer is: Many accounts are paid twice a month.)*

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## New York's Annual Meeting

At the February meeting of the Associated Retail Credit Men of New York City, Inc., the recommendations of the Nominating Committee for new officers and directors were unanimously accepted, no further nominations having been made from the floor.

The following will be the new officers and directors for the term beginning April first:

President, Walter E. Baab, Franklin Simon & Co.; Vice-President, Arthur J. Kramer, Borden's Farm Products Co., Inc.; Secretary, A. B. Buckeridge, Executive Manager, The Credit Bureau of Greater New York, Inc.

Directors: William J. Morgan, Brooks Brothers; Edgar L. Eckert, Rogers Peet & Co.; James M. Malloy, Abraham & Straus, Inc.; Joseph H. Zelch, Gimbel Brothers; Edgar I. Amthor, L. Bamberger & Co. (Newark); and H. E. Armstrong, James McCreery & Co. L. S. Crowder of the National Association was guest speaker.

# The Seventh District Convention

By M. G. RILEY

Manager, Merchants Association Credit Bureau, Inc., Kansas City, Missouri

THE members of the Retail Credit Association of Kansas City were hosts to the first annual meeting of the Seventh District Convention, February 17, 18 and 19, 1935. The out-of-town registration was 150 delegates—the local registration 76 delegates—a total of 226 registered.

The "Get-together" dinner, Sunday night, February 17, was attended by 179 and 289 attended the banquet, Monday night, February 18.

J. Willard Smith, President of the Retail Credit Association of Kansas City, was elected President-Chairman Pro-Tem of the meeting and kept the program clicking throughout. He presided at the "Get-together" dinner, with an impromptu program which made that meeting a howling success.

President Reed's address, "Out of the Past," was the keynote of the conference and started our program off to a wonderful beginning. We thank the National Association for the honor of having him on the program.

Mr. Fred M. Lee, Treasurer of The John Taylor Dry Goods Company, gave a most interesting talk on the history of his company and their entry (a few years ago) into the credit field. He told of their credit policy and the results obtained and how collection percentages had never yet gone under 70 per cent in three years, while their turndowns have never exceeded 6½ per cent.

Sig Wolfert, Credit Manager, Stix, Baer & Fuller Dry Goods Company, St. Louis, made a truly "Wolfert" talk—giving us the idea of profits to be gained in deferred payment accounts and interest on past due accounts.

Group sessions were held Monday afternoon and Tuesday morning. The following classifications (with Group Chairmen) held one full day's instructive program: Bureau: J. C. Rayson, Tulsa, Okla., Collections: H. P. Hovey, Kansas City, Mo., Department Store, Ready to Wear and Shoes: H. R. Stuart, Tulsa, Okla., Furniture, Music, Radio and Electric Appliances: A. G. Evans, Kansas City, Mo., Loan, Finance, Banking: Leslie E.

Edmonds, Wichita, Kan., Oil & Refinery: H. E. Butcher, Tulsa, Okla., Public Utilities: M. E. Clark, Wichita, Kan.

The following Officers and Directors were elected by the Credit Executives' Division: President, James G. McBride, Geo. Innes Dry Goods Company, Wichita, Kansas. Vice-President, J. B. Haberer, Boston Store Dry Goods Company, Fort Smith, Ark. Secretary-Treasurer, H. R. Stuart, Sears, Roebuck and Co., Tulsa, Okla. Directors: R. Leo Frye, Oklahoma City, Okla., H. J. Burris, Kansas City, Mo., Lou Wellinghoff, St. Louis, Mo., C. D. Dake, Topeka, Kan., R. C. Warren, Pine Bluff, Ark., J. R. Johnson, Little Rock, Ark.

National Director: E. F. Horner, St. Louis, Mo.

(Note: Officers and directors elected for the Bureau Managers and Supervising Collection Department groups will be shown in the "Service Bulletin.")

Tuesday's (afternoon) General Session was called to order by President J. G. McBride. Mr. H. L. Wuertth, Credit Manager, Commerce Trust Company, Kansas City, gave one of the best addresses ever presented a body of credit executives, on any program, using as his title, "A Banking View of Retail Credit." Mr. Marvin L. Orear, Chief Mortgage Examiner, Federal Housing Administration, Kansas City, explained the details of Federal Housing Administration Mutual Mortgage Insurance.

J. T. Bysel, Credit Manager, Diamond Brothers, Inc., Kansas City, and A. C. Webb ("Thief of Bad Gags"), Kansas City, put on an interesting and highly entertaining surprise skit. R. Leo Frye, Credit Manager, Rothschilds B. & M., Oklahoma City, Oklahoma, gave an address entitled "Ships and Lighthouses" in which he called for 100 per cent support of credit bureaus. A. J. Kruse of St. Louis led a one-hour "Open Forum" discussion in a masterful manner.

Hot Springs, Arkansas, was selected as the meeting place for next year's Seventh District Convention.

Last but not least, the Convention presented President Reed with 36 new National members!





# WASHINGTON BULLETIN



R. PRESTON SHEALEY

Washington Counsel, National Retail Credit Association

## FOREWORD

**A**T LAST, the retailer seems about to receive a break in bankruptcy legislation. The amendment for amortization and composition of the debts of the wage-earner and salaried class, *revised and strengthened*, was introduced (February 25) by Representative Walter Chandler, of Memphis, Tenn., a member of the subcommittee on bankruptcy of the House Judiciary Committee. It is *H. R. 6140*.

Your Washington counsel is also happy to report that progress is being made in having some official, designated either by statutory enactment or by executive authority, located in the Department of Justice, to whom will be allocated bankruptcy and bankruptcy alone. This may seem to some a relatively unimportant amendment but the belief is growing *both within and without Congress* that this will be a long step forward in the improvement of the Bankruptcy Act. The principle was embodied in *H. R. 9487*, of the last Congress.

### Small-Loan Set-Up Defeated

*H. J. Res. 117*, at this writing (February 28) stalled in the Senate, carried a provision as it passed the House, Sec. 5(a), which would permit the Executive to insure small loans to individuals. In brief, aid for the establishment of community pooling plan set-ups such as are operated with success by the Retail Merchants Loan Company of Fort Worth, Texas, and credit organizations in other cities.

This section, however, met with strong opposition in the Senate Appropriations Committee and was stricken out. It embodies, in a degree, studies on consumer credit which have been made both by the N. R. C. A. and its representatives, government agencies and other organizations throughout the past two or three years. *S. 1132*, introduced by Senator Moore of New Jersey, provides for credit insurance to financial institutions for loans that they may make "for the purposes of financing the payment for medical and dental services."

### Lower Capital Base for Mortgage Associations

Representative Dingell of Michigan has introduced *H. R. 4686*, providing that the minimum capital of \$5,000,000 for national mortgage associations authorized by *Title III* of the National Housing Act may be reduced to a minimum capital of \$2,000,000. It is said that several groups are ready to take advantage of *Title III* of the Housing Act and incorporate thereunder if capital requirements can be reduced to one or two million dollars. Representative Dingell has also introduced *H. R. 4687*, which would broaden the base of insurance loans under *Title I* of FHA. The bill provides that

loans may be insured by FHA up to \$50,000.00, "for the purpose of financing alterations, repairs, and improvements upon apartment houses, hotels, office buildings and manufacturing or industrial plants, including the installation of new permanent equipment and machinery in such manufacturing or industrial plants."

### Shall Credit Surveys Be Coordinated?

At a recent Washington meeting of wholesale and retail credit representatives and certified public accountants, the thought was expressed that the matter of government surveys should be coordinated with a view to less duplication and more efficiency. *Executive Order 6225*, as of July 27, 1933, established the Central Statistical Board. The Board was organized, however, by the President by virtue of authority of the National Industrial Recovery Act but its work has been so satisfactory that it is planned to make the Board permanent through legislation and not make its existence dependent upon continuation of NIRA.

The proposed legislation will also authorize the Board, among other matters, to compile mailing lists for use by the various departments in their surveys. In this connection, mention should be made of *S. 1764*, which Senator Copeland introduced February 7, which would permit the Department of Commerce to make special statistical studies for industry upon payment of the cost of the same.

## LEGISLATIVE

### Status of New Legislation

February legislative storm centers have not only related to the public relief measure in the Senate but also the administration electric and gas holding company measures in the Senate and House, *S. 1725* and *H. R. 5423*. There is a feeling in some quarters that ramifications of the one may extend to the other. The Senate holding company bill is now before the Senate Interstate Commerce Committee but has not yet been considered. The House bill is before the similar House Committee and hearings are being held.

Other important legislative measures now before Congress are *S. 1715*, Fletcher of Florida, providing for a change in the Federal Reserve System, now before a subcommittee of the Senate Banking and Currency Committee of which Senator Glass is chairman. The date for commencement of hearings has not been set. The companion bill, *H. R. 5357*, is now the subject of hearings before the House Committee on Banking and Currency and will probably last two or three weeks.

*S. 1629*, Wheeler of Montana, "providing for the regulation of the transportation of passengers and property by motor carriers operating in interstate or foreign com-

merce," is now the subject of hearings before the Senate Interstate Commerce Committee. *H. R. 5262*, the companion bill, is also on hearing before the House Commerce Committee. *S. 1635*, amending the I. C. C. Act, and *S. 1632*, Wheeler's water carriers bill, are being considered along with the motor bus bill, *S. 1629*. *H. R. 5379*, the House water carriers bill, is going to be referred by the House Interstate and Foreign Commerce Committee to the Committee on Merchant Marine and Fisheries. *S. 1869*, Frazier of North Dakota, "establishing the Bank of the United States, owned, operated, and controlled by the Government of the United States," has been referred by the Senate Banking and Currency Committee to the Treasury and Federal Reserve Board for departmental report.

## DEPARTMENTAL

### Washington's Joint Credit Meeting

Through the medium of your Washington office, a joint luncheon of organizations administering credit was held in Washington, February 14. It was largely attended and was addressed from the banking, wholesale, retail and certified public accountant viewpoint on the general subject of "Current Business Conditions."

Mr. Adolph Weil, president of the Retail Credit Association of Washington, presided. The speakers were L. S. Crowder, General Manager-Treasurer, National Retail Credit Association; Mr. Brace Bennett, of New York, assistant to the Executive Manager of the National Association of Credit Men; Durand W. Springer, Secretary of the American Society of Certified Public Accountants; and Mr. Frank J. Addison, past president of the District of Columbia Bankers Association.

Mr. Crowder told the joint luncheon that he expects retail business for 1935 to be from 10 to 12 per cent better than in 1934. After the luncheon a conference was held with representatives of credit-administering organizations and a basis was laid for cooperation in legislative and departmental matters.

### An Opportunity for Credit Service?

Mention was made in the February CREDIT WORLD of delinquent HOLC mortgages and nonpayment of insured FHA modernization loans and the chance for N. C. C. R. C. service bureaus to place their facilities at the disposal of the government. It is not an easy task to convince government officials that the methods used by merchants for collection of their bad debts should serve the same purpose for Uncle Sam but at least it can be definitely stated as the result of recent advices that as to one of these organizations, if service bureau facilities are superior to government investigation and collection facilities, the former will be used. A study of the two for this purpose is now under way. It is said that around 15 per cent of HOLC loans are now in default ninety days or more.

## COURT DECISIONS

### Two Important Supreme Court Decisions Compared

Two recent decisions by the U. S. Supreme Court, the West Virginia Standard Oil filling station decision

(January 15) and the Gold Redemption Case decisions (February 18), taken together, bring out some points apparently overlooked by the press. The first named case, that of *Fox v. Standard Oil Co. of N. J.*, 79 L. Ed. 339, dealt with the chain store tax law of West Virginia, with the state appealing from a three-judge district court decision in favor of the Standard Oil Company, holding that company not included within the chain store tax law of West Virginia. (Chief Justice Hughes and Associate Justices Brandeis, Stone, Roberts and Cardozo reversed the District Court decision.)

One of the contentions of the oil company, graphically supported by charts, was that the law, if applied to West Virginia chain oil filling stations, would be discriminatory in that more than 80 per cent of the total tax resulting from the law would come from chain oil filling stations. The point to be noted in the Supreme Court decision is that the four dissenting judges, Justices McReynolds, Butler, Vandevanter and Sutherland, *the same four who dissented in the gold cases*, took the position that the West Virginia statute should not be so literally construed as to impose an undue hardship by way of a discriminatory tax upon chain filling stations.

In the gold cases, however, these four judges would seem to have taken the contrary position, that is that the letter of the contract should be literally enforced and those under obligation, including the United States, to redeem in gold, should be made to do so. Economic factors, consciously or unconsciously, do seem to be a factor in court decisions. *Will such factors play a part in the code cases' decisions and, if so, to what extent?*

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### President Reed Addresses Greeley Meeting

President Reed addressed the annual meeting of the Weld County Credit Association, Greeley, Colo., February 15. The occasion was the annual meeting of the association. Over 200 members were present as well as a number of out-of-town delegates.

Other speakers were Lyman P. Weld of Longmont and William G. Glass of Denver. Nine directors were elected and Frank Peterson of the Greeley Creamery was awarded an autographed copy of one of President Reed's books for the best attendance during the past year.



The photograph, taken at the banquet, shows L. M. Thompson, Manager, Weld County Credit Association; Albert Clough, President of the Association; and President Charles M. Reed of the National Association.

# CREDIT DEPARTMENT LETTERS

[[ A New Department - - Devoted to Credit Sales Department ]]  
[[ Correspondence - - Conducted by Daniel J. Hannefin ]]

IN THIS first installment, the limited space available in this issue will be devoted to fundamentals. In other words, we will begin at the beginning. This department, from the outset, will try to be of benefit to the greatest number of CREDIT WORLD readers possible, from the beginner to the "past master" in the art of letter writing.

So, if the more experienced readers will bear with us, we will start with fundamentals. To them it may be in the nature of a review but—reviews are often useful in refreshing the memory.

Credit Sales Department letters, roughly, fall into three classes: Credit and Collection Letters, Letters to Revive Inactive Accounts, and Letters to Develop New Charge Accounts.

Yet, basically, they all fail of their ultimate purpose—building better business and good will for the store—if they overlook the fact that they are ambassadors of the store.

In writing collection letters, for instance, you can get "hard-boiled" and say, "This debtor owes this bill and I'm going to get it." But—it doesn't pay—not if your store anticipates, as most stores do, being in business for years to come.

The successful collection letter is one that gets money yet, at the same time, holds the customer as a friend of the store. It has what is called "the human viewpoint." One of the finest collection letters I have ever seen (and one of the most successful) was a little letter written by Russell H. Fish, General Credit Manager of The May Company, Denver.

It read something like this:

*In everything we do, whether selling or displaying merchandise or asking for payment for it, it is the policy of this store to do it in the friendliest fashion.*

*Your account for December-January (\$————) is overdue.*

*How can we help you with it?*

Notice the friendly tone of that letter. Nothing pretentious—no blustering—no reference to "our previous letters of such-and-such dates." It takes for granted that the customer is a human being and treats her as such.

Which brings us to the first axiom of retail letters: "Customers are human beings!" One of the first pitfalls in writing letters is the habit of forgetting the recipient. We get in the habit of handling one account just like another one, of looking on our collection problems as just a file full of inanimate filing cards.

Then, failing to visualize the fact that those cards represent human beings, with troubles and emotions and problems like our own, we dictate letter after letter so similar in text and tone (and so lifeless) that they might just as well be out-and-out form letters!

Such letters are what are known as "stereotyped" letters. A natural result of their use is the repetition of meaningless phrases such as "We beg to call your attention," "Our records indicate," and so on. Likewise the

"we" viewpoint: "We are disappointed in you," "We expect you," etc.

To influence people you have to appeal to their interests. In plain language, you must "put yourself in the customer's shoes." Then you can "sell" the customer the advantages, to her, of paying your account properly.

If you tell a customer, "We are disappointed in you," you are only offending that customer. You are building up a resentment and a resistance that will only make your account harder to collect eventually.

The customer hasn't the same high reverence for terms that you have. To you, they are the life blood of business, but to her—they are just something that you are always pounding and hounding about!

On the other hand, if you appeal to her interests—if you tell her that the way in which she handles your account becomes part of her credit record—if you sell her the advantages, the dollars-and-cents value of a prompt-paying record—that customer is more apt to be interested and to act according to your wishes.

Shop jargon is more deadwood, apparent in many collection letters. Your everyday terms such as "receivables," "the age of this account," "current status," etc., are as so much Greek to the average woman and—in most stores—80 per cent of retail customers are women!

For proof of this, try some of those terms on some of your women customers. In a letter sent to the National Office the other day (an otherwise good letter) appeared this phrase, "We are aging our receivables." Now what woman except a credit woman or a credit man's wife, perhaps, would understand that?

"Write," said Shakespeare, "so that even a fool could understand. The wise man will." Meaning, write in simple terms—use words of universal meaning.

Avoid shop terms and meaningless terms. In their stead, coin some new phrases, selling phrases. (Collecting is selling of the hardest kind—selling payment of your account against all the competitive desires created by your merchandise departments and your competitors.)

Then, put these down as fundamentals: (1) There is a human being, a customer, behind every account you handle. (2) Customers must be "sold," on paying for merchandise just as much as on buying it. (3) Ideas are what count in selling. (Many books have been written on psychology *but one man put a title on his book, "Why We Behave Like Human Beings" and it sold in the millions.*)

Those three fundamentals apply with equal force to all credit department letters—to letters soliciting new charge accounts and to letters trying to woo lost customers back to the store—just as much as to collection letters.

New customers aren't won just with a charge account invitation—not in these depression days. They have to be shown *the advantage of having a charge account*. Likewise, the inactive customer has to be sold in the same manner or, rather, resold.

Next month's installment will go into actual letters with samples and "model" letters for various uses.

## A Correction

In the February issue we mentioned that Mr. R. T. Baxter had secured 21 new National members in San Francisco. It now develops that he secured a number of new members in Oakland also, the two cities operating as one unit.

The situation in San Francisco and Oakland is unique. Although each city has its own organization, both operate under the management of Mr. S. E. Shermantine. This is an excellent example of cooperation.

## Membership Standing

New Members Enrolled—May 1, 1934 to Feb. 28, 1935

Region	State	City	Region	State	City
DIST. No. 1	74		Miscellaneous		16
CONNECTICUT	31		WISCONSIN	24	
Hartford	12		Milwaukee	13	
New Haven	14		Miscellaneous	11	
Miscellaneous	5		ONTARIO	4	
MASSACHUSETTS	26		DIST. No. 6	135	
Springfield	19		IOWA	58	
Miscellaneous	7		Des Moines	52	
NEW HAMPSHIRE	2		Miscellaneous	6	
RHODE ISLAND	15		MINNESOTA	64	
DIST. No. 2	496		St. Paul	56	
DELAWARE	1		Miscellaneous	9	
DIST. OF COLUMBIA	22		NEBRASKA	4	
Washington	22		NORTH DAKOTA	2	
MARYLAND	175		SOUTH DAKOTA	2	
Baltimore	175		MANITOBA	5	
NEW JERSEY	21		DIST. No. 7	211	
Camden	20		ARKANSAS	21	
Miscellaneous	1		KANSAS	37	
NEW YORK	180		Wichita	27	
New York City	159		Miscellaneous	10	
Miscellaneous	21		MISSOURI	115	
PENNSYLVANIA	56		Kansas City	39	
Reading	29		St. Louis	66	
Miscellaneous	27		Miscellaneous	10	
VIRGINIA	4		OKLAHOMA	38	
WEST VIRGINIA	37		Tulsa	23	
Huntington	17		Miscellaneous	15	
Morgantown	10		DIST. No. 8	33	
Miscellaneous	10		TEXAS	33	
DIST. No. 3	37		Fort Worth	11	
FLORIDA	31		Miscellaneous	22	
Jacksonville	14		DIST. No. 9	72	
St. Petersburg	12		ARIZONA	2	
Miscellaneous	5		COLORADO	62	
GEORGIA	4		Denver	50	
NORTH CAROLINA	2		Miscellaneous	12	
DIST. No. 4	129		UTAH	5	
ALABAMA	22		WYOMING	3	
Birmingham	19		DIST. No. 10	78	
Miscellaneous	3		ALASKA	1	
LOUISIANA	19		IDAHO	4	
Munroe	13		MONTANA	4	
Miscellaneous	6		OREGON	31	
MISSISSIPPI	9		Portland	29	
TENNESSEE	79		Miscellaneous	2	
Memphis	33		WASHINGTON	30	
Nashville	18		BRITISH COLUMBIA	8	
Miscellaneous	28		DIST. No. 11	153	
DIST. No. 5	132		CALIFORNIA	150	
ILLINOIS	13		Bakersfield	12	
INDIANA	6		Los Angeles	29	
KENTUCKY	15		Sacramento	14	
Louisville	14		San Francisco		
Miscellaneous	1		and Oakland	62	
MICHIGAN	7		San Jose	15	
OHIO	63		Miscellaneous	18	
Akron	12		HAWAII	3	
Dayton	35				

## Inactive Account Stickers

For use on statements showing no purchases during that month. Printed in one color (maroon) on white gummed paper.

Price, \$2.00 per 1,000. Order from your credit bureau or the National Office.

## You Don't Owe Us a Cent!

Yes! We've noticed it and we hope you will use your charge account this month.

Your Patronage Is Appreciated!

© 1934, N. R. C. A.

## Your Account Is Balanced!

This is just a reminder that we missed you last month.

Use Your Charge Account!

© 1934, N. R. C. A.

## We Missed You Last Month!

Anything wrong? If so, please give us a chance to correct it.

We Value Your Patronage!

© 1934, N. R. C. A.

## A New "Gold" Membership Sign

For the use of National members, we have developed a new National Membership Sign. Printed in deep purple, on heavy-weight gold cardboard, it makes an attractive, attention-getting emblem—worthy of a place in any credit office. Actual size, 6 inches wide by 7 inches deep—punched for hanging, if desired.

Prices: One, 15 cents; two, 25 cents; five, 50 cents. Special prices to local associations in lots of 100 or more—with the name of the local association (instead of the National's) imprinted. Write for prices: National Retail Credit Association, 1218 Olive Street, St. Louis, Mo.



# News of the Credit Women's Clubs

## "Full Speed Ahead" in Spokane

The Spokane Credit Women's Breakfast Club has entered into one of the most interesting seasons of the year. We have been fortunate in securing educational speakers of outstanding ability and feel that topics presented have been very timely. Socially, we have had several good times. Our card party and dances have been well attended and enjoyed by all.

The year book is being drafted and we will soon have it ready for the press. At the present time, plans are being discussed to promote the interests of the girls in the Northwest Conference at Seattle in May.

—CAROLINE CLAESON, *President*.

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## South Bend Club Changes Name

On November 1, 1934, the Women's Breakfast Club changed its name to the Credit Women's Club. Meetings are now held twice a month, on Wednesday nights. We made this change so as to give us longer time for discussions that come up at our meetings.

The main purpose of our club is to create good fellowship and greater cooperation between the women engaged in credit work.

—(MRS.) VERNE A. ZIMMERMAN,  
*President Credit Women's Club, South Bend, Ind.*

» » »

## San Francisco Club Enters Third Year

The San Francisco Credit Women's Breakfast Club has just commenced its second year of operation as an organization.

Our membership now includes over one hundred active participants, and has representatives from every large retail establishment in San Francisco.

By building up our membership through interesting and educational meetings, we hope to make our group one of the most outstanding Breakfast Clubs on the Pacific Coast.

—MARY DOLLARD, *Publicity Chairman*.

» » »

## Portland's Membership Drive

Our Club has been busy working on an annual membership drive. To date we have added approximately 15 new members and hope to have that many more by our closing date, March 5. The girls on the losing side are to be hostesses at a St. Patrick's party to which we are all looking forward.

Best wishes to the Baton Rouge Women's Club and all success possible to them!

—(MRS.) CATHERINE V. DAVIS,  
*Editor, Portland (Ore.) Credit Women's Breakfast Club.*

» » »

## Seattle Club Making Plans to Entertain Northwest Clubs

Members of the Seattle Credit Women's Breakfast Club are planning to meet their sister club members from the four states of the Northwest as well as British Columbia, when the Northwest Conference convenes in

May. Proceeds from a series of delightful winter parties will be used for the purpose of entertainment, plans for which are shaping themselves in grand style. Elaborate plans are also being made by the Northwest Council of Breakfast Clubs, whose second annual meeting will take place during this conference.

—ELIZABETH COBURN.

» » »

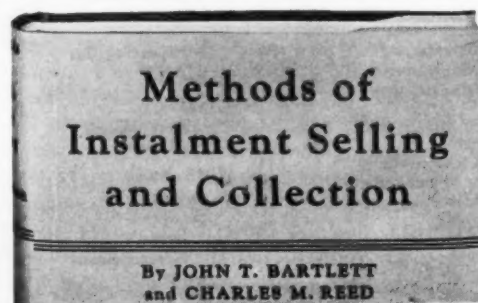
## A Women's Division for the National Association?

President Reed has forwarded to The CREDIT WORLD, the following letter from Miss Marion O. Brooks, Credit Manager, Belisle's, Baton Rouge, La., and President of the Women's Club of that city, which is self-explanatory:

"The Rochester Convention is not very far off, and so I'm following up my idea of the 'Retail Credit Problem for 1935' with a suggestion that a Women's Division of the National Association be formed at that Convention. With the numerous Credit Women's Clubs springing up throughout the United States, I believe that such a division would help the National in more ways than one.

"I think that we might make it a larger and better convention by contacting the various women engaged in credit work and urging them to make it a point to be present to discuss the formation of such an organization. I should like to get an expression from the various clubs as to how they feel about such a department."

This is an excellent idea and The CREDIT WORLD would be glad to have the reactions of its readers to this suggestion.



**HOW to sell "on time"—  
HOW to collect on such sales—  
HOW to increase volume and profits  
in your instalment business—**

All are detailed in this valuable book. Two well-known authorities here give the results of a nationwide study in this field, outlining the most profitable practices of scores of companies. A book indispensable not only to every installment merchant but to every retailer who does any credit business.

**Price \$3.50**

**Order from your National Office**

# Charge Accounts for Auto Repairs

By C. RAY COOK

Credit Manager, Edwards Motor Company (Dodge and Plymouth Dealers), Milwaukee, Wis.



IN THE February issue of *The CREDIT WORLD*, it was announced to you (*and to me as well*) that in an early issue I would tell of our experiences with charge accounts in the sale of automobile service. To begin with, I want to explain that we are by no means the only firm in our line of business carrying monthly accounts. (It has always been possible, if you are a sufficiently good salesman and can catch the boss in the right humor, to convince him that he should allow you to take your car out after the service work had been completed, and pay for it at a future date.)

However, we are one of the very few who announce by means of signs, newspapers, and direct mail advertising that charge accounts are welcome and that they are a desirable part of our business. Instead of having the familiar signs in our service department announcing that all repairs are strictly cash, we have signs announcing that *monthly charge accounts are welcome!*

We decided to make this change in our policy on service sales nearly ten years ago. At that time we decided that service was becoming an important factor in the profits of a retail automobile organization. We immediately began to insert in both our direct mail and newspaper advertising a statement that monthly charge accounts would gladly be arranged. We decided to make this change for several reasons:

1. Because we felt that by inviting people to have work done and pay for it on the first of the month following we were instilling a certain amount of confidence in their minds that the work which we were doing would be satisfactory.

2. We believed that we could get a larger percentage of our customers' work and a greater permanency of customers by training them to become accustomed to having their work done at one place and paying for it by the month instead of by individual transactions.

3. We believed that having an established list of charge account customers would give us a *more even distribution of work throughout the month* and would encourage people to have the work done at the time it was needed rather than at a future date when they had sufficient money in their pocket to pay for it. (This would, in turn, reduce their maintenance expense.)

We knew, when making this change, it was going to cost us some additional money to properly operate a credit department where monthly charge accounts were an important factor. We also reconciled ourselves to the fact that there would be certain losses from accounts that were uncollectible but—by inviting accounts we were setting up a prearranged system and routine for handling them instead of merely handling them on a

person-to-person basis without a definite plan for checking credit applications or a definite plan for following up collections. We were taking the lead in selling the customer on the idea that a charge account was a good thing for him to have rather than having the reverse process being used, in which the customer sold us the idea that he was a good man for us to allow to have a charge account.

Because we were the first dealer in our city to invite charge accounts, we anticipated that we would have a larger than average percentage of rejections in our applications for credit. We anticipated this because, being the only one inviting such accounts, we would naturally attract all those who did not have sufficient money or good credit to purchase the service which they wanted.

If a man whose credit was poor wanted to buy a coat on a charge account, there are many firms which make it known that they welcome charge account business. Each one of those firms would only get its percentage of undesirable credit applications *while in our case we would get most of them.*

Consequently, in setting up a system for taking credit applications and checking credit, we felt it was necessary for us, in each case, to take a very complete statement on the customer's application. (*See Fig. 1—next page.*) We were interested in having that statement show us certain specific things:

1. Permanency of residence.
2. Permanency of employment.
3. Earning ability.
4. Paying habits.
5. (*Which is particularly individual to our own business.*) The type of car driven, its age and whether or not the man's business was such that the car was a business investment or strictly one for pleasure.

To get this information, we have from the first depended upon the Credit Bureau. *I believe we use more credit bureau service today than anyone in our particular field.* However, after the Credit Bureau had furnished us the definite factors of a man's permanency of residence and employment, earning ability, and paying habits, it was necessary for us to analyze them on the basis of his ordinary car needs for his particular type of car, and the possibility of his emergency needs.

When these factors are determined, we immediately rate the account. Because of the fact that our service department is in a separate building from our general office, we use a visible card file in our service department (in the cashier's office, which operates as an authorizing

desk in our organization) with colored tabs indicating the limits which have been placed on the account.

"I want to go into just a little more detail on the limits that are placed on our accounts. We have three things to consider in limiting an account to be used for the purchase of service work.

Name		Rating Limits
Address		
How Long At This Address	Tel.No.	
Previous Address		
Business Address	Tel.No.	
Employed By	Position	Years
Make of Car	Age of Car	
Is car Fully Paid For	If Not Balance owing	
Is the Title in your Name		
Bank Reference		
Monthly Income		
Name and Address of Relative		
Remarks:		
References- 2 Business, 1 Personal with address		
1.		
2.		
3.		
O.K.	Signature	

First, we must take into consideration a man's earning ability; second, his habits of paying; and third, we must analyze his ability to meet emergency expenses.

If his earning ability is such that he can pay, ordinarily, from \$10.00 to \$15.00 a month for ordinary maintenance expense and have that amount fit comfortably into his expense budget, we usually rate the account slightly higher than that figure. However, we cannot rate it a great amount higher because we have the factor of emergency service coming into our business that is not entirely true in any other particular line of credit sales.

As an example, let me cite the man who has entirely satisfactory paying habits with several other charge accounts with monthly purchases of small amounts. He plans to buy a suit in the spring although his ordinary budget and earnings would not perhaps justify a \$50.00 a month charge.

If his paying habits are good, we do not believe there would be any question of the store selling him the suit, for it is a planned purchase. Granting him credit up to \$50.00 for the purchase of that suit would not be questioned because his paying habits are such as to indicate that he has planned its purchase and planned for its payment.

However, in our business, when repairs larger than ordinary maintenance expense come up they are *not planned repairs*. When a man plans to buy a suit for himself or clothes for his wife in a certain month for an amount considerably more than his ordinary monthly expenditures, he arranges his finances to pay for them; on the other hand, the average man *never* plans on having to overhaul a transmission or a rear axle or a motor, and when those items become necessary through breakage or failure to function, *they are strictly emergency operations* which he has not planned as a current expenditure and has not planned his budget to meet.

So in rating our accounts we have to take into consideration *ability to pay* a little more fully than paying habits, in comparison to the consideration given these factors by other credit granters. In fact, for the past few years this situation has been chronic enough that

we ask almost all of our customers to get special authorization on any repair work amounting to more than \$50.00.

We also have to take into consideration whether or not the car is used strictly for family use or mainly for business purposes. In a great many cases we have to grant credit somewhat beyond the limits that our judgment tells us is good business when the car is used for business and where the ability to operate that car limits very materially the earning ability of its owner. In such cases, if they are regular and satisfactory customers of ours, we go considerably beyond what we consider to be the best business and grant more than normal credit extension.

In closing, I want to say that we are today more sure than ever that regular monthly charge accounts give us a permanency of customers which is impossible on a strictly cash basis, and it also has developed a confidence among our patrons that we are ready and willing to back any and all sales which we make. We are today selling substantially more than 50 per cent of our total sales of service work, tires, batteries, accessories and parts to customers who have established regular monthly charge accounts.

We are fully convinced that our monthly charge account plan has been an important factor in enabling us to be rated as one of the largest (if not the largest) service stations in the country. The cost of obtaining this additional volume, which we are convinced charge accounts have given us, has been small in comparison to the added volume of business.

*As to our losses, I believe over the period of years that we have been inviting these accounts, our losses run slightly less than the average losses of other monthly account stores of this particular community.*

» » »

### "Employers' Night" at Springfield, Mass.

At the annual "Employers' Night" of the Retail Credit Association of Springfield, 200 were present.

Photo shows (left to right): Walter L. Haynes, Director; Don Reed, humorist speaker; Wm. P. Hallet, Second Vice-President and Director; Charles J. Martin of the National Consumer Credit Reporting Corporation; Walter H. Kerr, President; Fred P. Strout, President, Credit Bureau, Inc.; L. S. Crowder, General



Manager-Treasurer, National Retail Credit Association; Geo. B. Allan, Manager, Credit Bureau, Inc.; Mrs. Dorothy Adams, Chairman Program Committee, and Geo. B. Houghton, First Vice-President and Director.—*Springfield Union*.

# Credit News Flashes--

## Personal and Otherwise

### Beckman Addresses Milwaukee Meeting

Dr. Theodore N. Beckman, Professor of Marketing at Ohio State University, and Chief Economist for the United States Department of Commerce, was guest speaker at an enthusiastic dinner meeting of the Associated Retail Credit Men of Milwaukee, February 21. "His talk," writes National Director Aug. C. Wehl, "was one of the most interesting that I have listened to in a long time." The attendance was over 400 including representatives from Sheboygan, Manitowoc, Watertown, West Bend, Racine, Kenosha, Madison, Fond du Lac and other cities.

Harry J. Bell, Secretary of the Association of Commerce, was toastmaster. Eugene Paulus, Credit Manager of Schuster's Mitchell Street Store (President of the local Association), opened the meeting. Those who were particularly active in making this meeting the tremendous success it was, included C. Ray Cook, Credit Manager of the Edwards Motor Company, E. Kant, Credit Manager of Schuster's Third Street Store, Fred Krieger, Secretary of the Credit Bureau, and Gus Miller.

\* \* \* \* \*

### Canadian Bureaus Meet at Toronto

The Annual Convention of the Associated Credit Bureaus of Ontario was held in Toronto, Canada, at the Royal York Hotel, February 11 and 12. The bureau managers from all the larger cities and towns in Ontario attended and it was one of the most successful conventions ever held by this group.

The officers elected for 1935 were as follows: President, Mr. J. H. Suydam; Vice-President, Mr. E. L. Silver; Secretary-Treasurer, Mrs. Ruth Wright. Directors: Mr. W. Walker, Mr. J. E. Shapland.

\* \* \* \* \*

### Houston's Annual Meeting

At the annual meeting of the Houston Retail Credit Men's Association, January 21, the following officers and directors were elected: President, A. F. Kuhleman; First Vice-President, F. R. Springer; Second Vice-President, R. F. Cire; Treasurer, Henry C. Horne; Executive Secretary, C. W. Hurley; Assistant Secretary, J. C. Hurley. Directors: Mike Weinstein, C. A. Marlette, Mrs. Georgia Humphries, J. J. Reiss, John W. Stiers, and H. F. Junker.

\* \* \* \* \*

### Rochester Making Plans for National Convention

At the preliminary meeting held in Rochester, New York, February 7 (attended by Manager-Treasurer Crowder), committees were appointed and tentative plans made for the entertainment of the members of the National Retail Credit Association at the National Convention which will be held in that city June 18-21, 1935. The Convention is only three months away. It's not too early to begin planning to attend it!

\* \* \* \* \*

A joint meeting, at Bridgeport, Conn., of the members of the Credit Rating Bureau, the Bridgeport Association of Credit Men (Wholesale), Manufacturers' Associa-

tion, Federated Business Men's Council and the Bridgeport Chamber of Commerce, was addressed by Manager-Treasurer Crowder February 11.

\* \* \* \* \*

Max Walske has been named President and General Manager of the Joslin Dry Goods Company, Denver, Colorado. He was with the Joseph Horne Company, Pittsburgh, Pa., for 13 years. Prior to that time he was with the American Merchandising Corporation.

\* \* \* \* \*

### North Platte Association Elects

The Retail Credit Association of North Platte, Nebraska, elected officers and directors for 1935, pledged to a platform to secure the maximum number of National memberships possible! (Details later.)

\* \* \* \* \*

### R. I. Credit Grantors Hear Crowder

Prominent at a meeting of the Retail Credit Grantors of Rhode Island today at the Plantation club were the group shown below. They are, left to right, front row: Theodore Shepleigh, executive committeeman of the R. C. G.; Paul Burhoe, president; L. S. Crowder, general manager-treasurer of the National Retail Credit Association; Charles A. Blake, executive committee chairman; second row, Charles E. Donilon, president of the New England Retail Credit Grantors; William Hamil-



ton, executive committeeman; Frank E. Ballou, chairman of the Providence Retail Trade Board; Paul R. Ladd, manager of that board; and Clinton Briggs, manager of the credit bureau of the R. C. G.—*Providence News-Tribune*, February 11, 1935.

\* \* \* \* \*

### Placement Service Has Number of Applicants For Positions

Most of these are from experienced managers of credit sales. However, we have one applicant who styles himself an "experienced branch manager."

If you know of any positions open, you will be doing these men a favor by communicating with the National Office. All correspondence held confidential.

# More Answers to the Question—

## “What Is the Most Important Retail Credit Problem for 1935?”

(Final Installment)

### To Reestablish Accounts According to Ability to Pay

With improving conditions it will be necessary for credit managers to be on the alert so that deserving people who have become reestablished will be accorded the accommodation of credit, according to their present ability to pay.

Also to be careful that in the urge for increased volume the bars of sound credit granting are not let down, as there will no doubt be a tendency on the part of some people to want to buy on credit beyond their ability to pay because they have become reemployed.

I believe more than ever that a sound community credit policy should be sought in every community. Such a policy will not only safeguard the assets of the retail merchants, but will assist in protecting the buying public from overbuying. There is no reason why credit should not be granted as freely during 1935 as it was during 1934, as the principles underlying the extension of credit remain the same.

H. R. STUART,

*Credit Manager, Sears, Roebuck & Co., Tulsa, Okla.*

\* \* \* \* \*

### To Establish Carrying Charges on Past Due Accounts

Establishing and effecting an interest charge to be imposed on all past due accounts, is a problem that I consider worthy of attention during 1935.

An interest charge is something that the merchants are entitled to and it would be a powerful factor in increasing collection percentages without so much collection effort.

There are many credit problems of importance but it seems to me that this would be a new step toward better collections, greater volume and a more businesslike manner of handling past due accounts.

—(MISS) MARION A. LELEU,

*Credit Manager, Brown-Dunkin Co., Tulsa, Okla.*

\* \* \* \* \*

### Increasing Purchasing Power!

Replying to your letter of December 12th as to “What Is the Most Important Retail Credit Problem for 1935,” my answer is:

Convince the business world, also the government, that men and women must make more than a living wage. When salaries are advanced in line with 1929, we will enjoy the business of 1929, but so long as we are receiving only 50 per cent to 75 per cent of salaries paid in 1929, business will suffer as it has the past five years. Business will improve when salaries are increased, but not until that time.

G. W. SOSEBEE,

*Credit Manager, Perkins-Timberlake Co., Inc., Wichita Falls, Texas.*

### Here's Sound Thinking!

The general improvement in retail collection turnover during 1934 must have indicated to many merchants throughout the country that a sound, well-defined policy of extending credit backed by proper collection follow-up, not only reduces credit losses and departmental operating expense, but actually increases the credit sales volume through keeping the charge accounts in an “open-to-any” condition.

If we can continue to—

- a. Educate our customers to the value of meeting their obligations promptly—
- b. Create in the minds of our credit personnel the fact that they are the most important selling department in their respective store and see that they practice this fact—

---

## Try the “Blue Book” of Credit and Collection Letters

*A glance at the subtitles will give you an idea of its contents:*

**Make Your Letters More Effective—With the “You” Viewpoint**

**The Secret of Prompt Collections—Uniform Credit Procedure**

**Starting New Accounts Off Right (With a series of letters for use on new accounts)**

**Educating Old Customers to Pay Promptly (With a series of letters for use on old accounts)**

**Installment or Budget Account Letters**

**Special Letters for Special Problems**

**Letters to Revive Inactive Accounts (With reports of actual results)**

**Letters That Build New Charge Account Business (Actual letters shown)**

**SPECIAL PRICE \$1.00 POSTPAID**

*(To members only; to nonmembers,  
\$1.50 postpaid)*

**Order from National Office**

---

- c. Develop more sales volume through the many opportunities open to a progressive credit department—
- d. Sell our merchandise divisions on the fact that they are working with a sales-minded credit department and—
- e. Constantly continue to develop the policy of sound credit extension and collection follow-up—

We will have gone far along the road to meeting the Retail Credit Problem for 1935.

—FRANK D. FRANCIS,  
Credit Manager, The Emporium, San Francisco.

\* \* \* \* \*

### To Tighten Up on Slow Pays

Not too drastic, but gradually, the Credit Department must tighten up, not necessarily on terms, for this has already been established as a store policy; but we must help the customers pull themselves out of the slow-paying habits they have gotten into. . . .

The most of us have to an extent encouraged slow paying of accounts in our effort to do our bit toward lightening the burden of the more unfortunate. This was all well and good during the emergency, but now, the depression being over, there is no further need for these precautionary measures on the customer's part, surely not to the extreme practiced heretofore.

I do not recommend doing anything tending to restrict credit from desirable accounts—just the opposite. We all know that the whole country is more credit-minded today than ever before, all of which gives us more leverage and a better opportunity to insist in a more persuasive way that the terms of sale must be more strictly adhered to if the credit privilege is to be continued.

JAMES M. CYATT,  
Credit Manager, J. P. Allen & Co., Atlanta, Ga.

\* \* \* \* \*

### Resurrection of Lost Accounts

We have come through a period where many responsible people closed their accounts and new applications were withheld because of uncertain conditions, etc. Our problem will be to develop charge business by bringing inactive accounts to life, by reopening accounts that became slow and were liquidated through collection departments and accounts closed because of unemployment, part-time work, etc.

We have spent thousands of dollars in the past to place these accounts in our books and the number that were closed out or became inactive during the past few years, if checked up, would astonish us. It is going to mean a lot of hard work and a great deal of investigation and promotion. Resurrection and rehabilitation of these accounts, I believe, will be our problem for 1935.

AUG. C. WEHL,  
Credit Manager, Gimbel Brothers, Milwaukee, Wis.

\* \* \* \* \*

### To Educate the Credit Granters of "Tomorrow"

The credit extended today will become an integral part, if not the actual foundation, of the business structure of tomorrow. In other words, the vital thing in credits today is not the collection of depression-born accounts—it is rather the building of a sound credit structure for tomorrow.

Our present credit assistants are our credit executives of that tomorrow; and as such they are entitled to receive

(Continued on next page.)

## St. Louis Association's Statement Enclosure Explains Terms

For the past sixty days the member stores of the Associated Retail Credit Men of St. Louis have been using



the folder reproduced above. Reproduction shows front of folder and copy on the inside reads as follows:

### RECOGNIZED CREDIT CUSTOMS

1. Retail credit is defined as the right to purchase goods or services in exchange for the obligation to pay therefor at a definite time. The obligation may be an implied promise or a written contract.
2. In the absence of any other expressed terms, monthly charge account terms apply; purchases made during any one month being due for payment on the first of the following month and becoming delinquent after the tenth of that month.
3. Installment selling, or the extension of terms past 30 days, is to be on a prescribed basis, uniformly applied and clearly set out to the public in advance. This credit service is to be paid for by the customer in the form of a carrying charge.

Adopted by Members of  
ASSOCIATED RETAIL CREDIT MEN  
and  
CREDIT BUREAU OF ST. LOUIS

In commenting on this folder Mr. A. J. Kruse, Manager of the Associated Retail Credit Men and Credit Bureau of St. Louis, states that it is used for a twofold purpose: First, in acceptance of applications for accounts; second, as an insert in collection letters. He states that much favorable comment has been received on its use.

## New Accounts Through Employees' Contests

(Continued from page 4.)

These meetings and the bulletins held the attention of the employees and spurred them on so that their interest did not lag. A large bulletin board showing the standing of the contestants was placed just inside the employees' entrance to the store, and a keen but friendly spirit of rivalry was developed among those who were close to the top.

It might be of interest to note that in the non-selling division the two leaders were almost neck and neck right up to the last week of the campaign, with less than five accounts separating them (109 and 105, respectively). Then the leader, in a final spurt of enthusiasm, forged far ahead and won with 205 accounts to his credit, against 127 for his competitor.

Every cooperation was given the employees by the management, and one of the railroads furnished circulars advertising the contest and exploiting the advantages of a winter vacation in "the Glorious Florida Sunshine."

At the outset, a fixed number of possible new accounts were used as a basis, and a carefully planned budget adopted, but the results were so much better than anticipated that it was necessary to revise this budget repeatedly. A Charge Contest Division was set up in the Credit Office, a supervisor appointed, several extra typists and clerks employed, and what started out with a modest beginning soon became a large office in itself, humming with industry and enthusiasm.

All prospect cards and applications were sent to this point, where 3" x 5" cards were prepared showing names and departments of employees submitting names. Prospects' names with subsequent action taken were listed on these cards. Upon receipt of a card, the Contest Division wrote the prospect acknowledging receipt of his request, and enclosed a credit application, explaining the advantages of a charge account, etc.

When it became necessary to decline an account, a carefully worded letter was mailed to the applicant, asking him to call and discuss the matter more fully with the Credit Manager. Many did this and quite a few of these applications were accepted upon receipt of additional credit information.

For the duration of the contest the number of accounts opened from prospects turned in by the employees alone was more than double the number of accounts opened normally during the same period of the previous year. The total number of accounts opened during the contest, including those turned in by employees and those secured in the ordinary course of business, was almost three times the number approved during the same period of the previous year.

The declined accounts amounted to approximately 20 per cent of the number of applications submitted, and the larger portion of these were early in the contest before the employees were sufficiently familiar with the type of customer it was advisable to solicit.

At the close of the drive an extra ten days was allowed in order that the Credit Office could dispose of all applications received up to the night of December 31st.

When the last account had been disposed of and the results tabulated, the management sponsored a large entertainment and dance for the employees, at which the General Manager announced the victors, awarded the prizes, and sent the two happy grand-prize winners on their merry way to bask in the Florida sunshine.

» » »

## "What Is the Most Important Retail Credit Problem for 1935?"

(Continued from page 31.)

the accumulated information and experience of the credit world. This knowledge would make of them better assistants and stronger executives. But how are they to obtain this heritage of our experience?

It is, in my humble opinion, the duty of our great National Association to effectively disseminate this information. In devising methods to be used the fact should be kept in mind that these young men and women might be formed into an auxiliary unit of our National Association.

(MISS) MARION O. BROOKS,  
*Belisle's, Baton Rouge, La.*

» » »

## The Application of Common Sense

"The application of common sense, with which the credit managers should be liberally endowed, and without which, every related subject that has been quoted in your columns means nothing. Courage, conviction and courtesy when you say 'Yes.' Courteous firmness, based on knowledge of your applicant, when you say 'No.' Don't be stingy with your use of 'No's.'"

"Work at your job. Use common sense in barrel lots and if you are free from interference, and your credit department doesn't make a good showing, send in your resignation."

IRWIN R. EVANS,  
*Manager, Utica (N. Y.) Credit Bureau, Inc.*

» » »

## Reopening of Closed Accounts

There are many important retail credit problems for 1935, and not the least by any means is the reopening of closed accounts. There is a certain class to whom this privilege should not be denied. A few years ago this class made your credit volume, made your business good, and made prosperous times. Then they were engulfed in the depression as it swept over the country; positions were lost; incomes were reduced or were eliminated entirely. Hundreds of thousands of dollars owing the retail merchants by these people were in jeopardy.

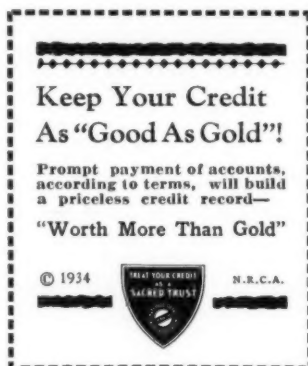
Some of these accounts were paid at once out of savings; others were paid over a period of months in installments; while others dragged along indefinitely and finally were thrown into the suspense ledgers and eventually charged to Profit and Loss.

The great problem therefore for the credit man today is to segregate the deserving from that class of individuals who used the depression as a convenient alibi for the non-payment of accounts.

S. E. EDGERTON,  
*Credit Manager, Broadway Department Store, Inc., Los Angeles.*

# Try the New "Gold" Series Stickers!

Printed One Color - - on Special Gold Paper - - Actual Size\*  
(1 3/4 in. x 2 in.) - - Five in the Series - - Price \$3.00 per Thousand



Also - -

## The New Insert (RIGHT)

for use with your statements and correspondence

Printed in two colors—red and black—on white paper. Actual size—3 1/2" x 6"—to fit statement envelopes.

A timely message—to fit the times!

Price

**\$2.50**

Per Thousand  
Postpaid

\*Exact size of all forms shown by dotted lines.



And - - at the Left - -

## A New "Gold" Emblem Sticker

For use on letters—statements—anywhere! Dignified—attractive reminders. Printed in one color on Special "Gold" paper.

(San Francisco has ordered 25,000 of these for use of members.)

Price \$1.50 per Thousand

## Let's Keep the Wheels Turning!

THE National Recovery Program has gone a long way in relieving unemployment. The Government is constantly developing new public works projects—to put people back to work. Slowly but surely conditions are improving and the wheels of industry beginning to turn again.

Let's keep the wheels turning! Credit, properly used—money in circulation—these are the dynamos of recovery. And the use of individual credit will help just as much as the use of national credit!

If every American citizen would make a patriotic effort to pay up all his bills—it would put billions of dollars into circulation. Money that could be used to buy more merchandise—stimulate production—and put millions back to work!

*That's the quickest way to relieve unemployment!*

## National Retail Credit Association

Executive Offices



St. Louis, Mo.

Order from Your Credit Bureau or the National Office

# Now—"Educational" Subscriptions Accepted from Member Stores

**Comparative Collection Percentages**

DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)			SPECIALTY STORES			FURNITURE STORES (Installment Accounts)		
	1934	1933	1932	1934	1933	1932	1934	1933	1932
Boston, Mass.	51.0	47.4	43.0	47.7	47.4	43.0	42.7	42.7	42.7
Providence, R. I.	48.0	47.7	43.0	47.7	47.4	43.0	42.7	42.7	42.7
Hartford, Conn.	48.0	47.7	43.0	47.7	47.4	43.0	42.7	42.7	42.7
Springfield, Mass.	48.0	47.7	43.0	47.7	47.4	43.0	42.7	42.7	42.7

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